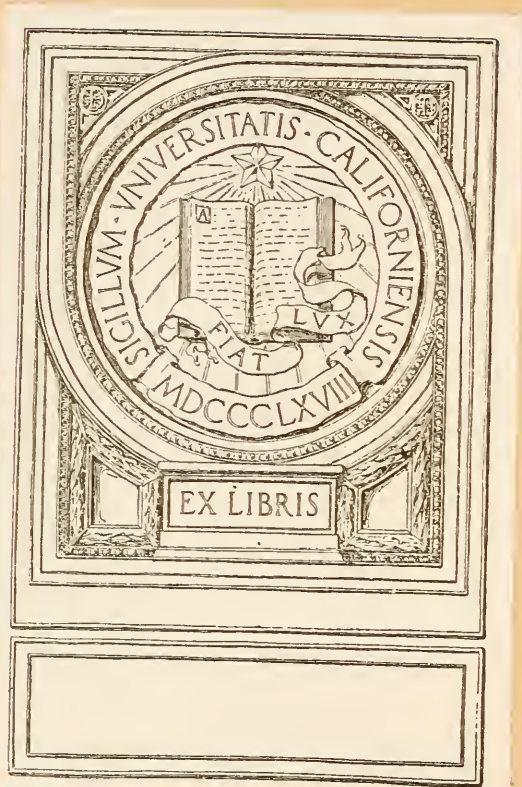


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The Philadelphia National Bank

PHILADELPHIA

ORGANIZED 1803



Original Building

IN 1803, when Philadelphia was the capital of the nation, as well as its metropolis, its expanding trade required additional banking facilities. At a meeting of its prominent citizens, in response to this demand, THE PHILADELPHIA BANK was organized. It at once took a foremost place among the financial institutions of the country, and has always occupied this enviable position.

Its directorate has ever been selected from Philadelphia's best citizens and to-day comprises men prominent not only in civic life but national affairs.

The command that the Bank has upon the public confidence is evinced by the fact that it has the *largest line of individual deposits of any bank in the State of Pennsylvania.*

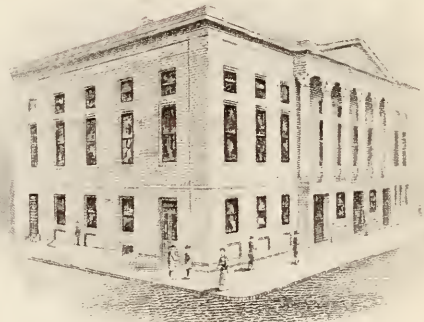


Present Home

Capital,
\$1,500,000
Surplus and
Profits,
\$3,500,000
Deposits,
\$43,000,000
Resources,
\$50,000,000
Dividends paid
to shareholders,
\$14,914,372

OFFICERS

LEVI L. RUE,	President
LINCOLN GODFREY,	Vice-President
HARRY J. KESER,	Cashier
HORACE FORTESCUE,	Asst. Cashier
DAVID S. LUDLUM,	Asst. Cashier
N. PARKER SOUTTRIDGE,	Chairman of the Board



Erected A.D. 1837, jointly by The Philadelphia Bank and The Bank of the United States





The Seaboard National Bank

of the City of New York
18 Broadway



Capital, \$1,000,000
Surplus and Profits (earned) \$1,650,000

Especially equipped for handling
out-of-town accounts

S. G. BAYNE, President					
S. G. NELSON	- -	Vice-President	C. C. THOMPSON	- - -	Cashier
W. K. CLEVERLEY	-	Assistant Cashier	J. C. EMERY	- - -	Assistant Cashier
L. N. DeVAUSNEY	-	Assistant Cashier	O. M. JEFFERDS	- -	Assistant Cashier

We invite correspondence





THE CONTINENTAL NATIONAL BANK OF CHICAGO

WE invite Banks and Bankers,
Manufacturers, Merchants and
Individuals to open accounts with us and
avail themselves of our superior facilities.

CAPITAL AND SURPLUS - \$7,000,000.00

DEPOSITS - - - \$70,000,000.00

OFFICERS

GEORGE M. REYNOLDS	- - - -	President
ALEX. ROBERTSON	- - - -	Vice-President
WM. G. SCHROEDER	- - - -	Cashier
BRNJ S. MAYER	- - - -	Assistant Cashier
HERMAN WALDECK	- - - -	Assistant Cashier
F. H. ELMORE	- - - -	Assistant Cashier
WILBER HATTERY	- - - -	Assistant Cashier
J. R. WASHBURN	- - - -	Assistant Cashier

DIRECTORS

JOHN C. BLACK, Chairman of the Board.
J. OGDEN ARMOUR, President, Armour & Co.
ALBERT J. EARLING, President, Chicago, Milwaukee & St.
Paul Ry. Co.
HENRY BOTSFORD, Packer
B. A. ECKHART, President, Eckhart & Swan Milling Co.
WM. C. SEIPP, Capitalist
EDWARD HINES, President, Edward Hines Lumber Co.
FRANK HIBBARD, Hibbard, Spencer, Bartlett & Co., Wholesale
Hardware
F. E. WEYERHAEUSER, Lumberman and Pine Land Owner, St.
Paul, Minn.
SAMUEL McROBERTS, Treasurer, Armour & Co.
ALEX. ROBERTSON, Vice-President
GEORGE M. REYNOLDS, President





Brown Brothers & Co.

New York

Philadelphia

Boston

Alexander Brown & Sons

Baltimore

Issue Travelers' and Commercial
Letters of Credit and Transact
a General Banking Business

Investment Securities
Bought and Sold

Brown, Shipley & Company

London





THE AMERICAN BANKERS CONVENTION YEAR BOOK

CONTAINING THE

BANKING SYSTEMS OF THE WORLD

By MAURICE L. MUHLEMAN

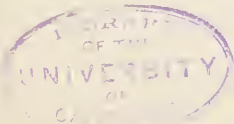
A REVIEW OF THE BANKING SYSTEMS, THEIR METHODS OF
ISSUING NOTES, AND SAFEGUARDS PROVIDED THERE-
FOR; INCLUDING AN ACCOUNT OF THE FORMER CEN-
TRAL BANKING SYSTEM IN THE UNITED STATES

ILLUSTRATED WITH EXTERIOR AND INTERIOR VIEWS
OF THE GREAT BANKING AND FINANCIAL
INSTITUTIONS OF THE OLD WORLD RE-
PRODUCED FROM ORIGINAL
PHOTOGRAPHS

DESIGNED AND ARRANGED BY
ALFRED F. WHITE

PUBLISHED ON THE OCCASION OF THE THIRTY-FOURTH
ANNUAL CONVENTION OF THE AMERICAN BANKERS
ASSOCIATION AT DENVER, COLORADO,
SEPTEMBER 28 TO OCTOBER 2, 1908

PUBLISHED BY
THE BANKING LAW JOURNAL
27 THAMES STREET, NEW YORK





**FOUNDED
1803**

The
Merchants National Bank
of the
City of New York

has for over one hundred years given particular attention to commercial and bank accounts, and still desires to extend to Mercantile and Banking Institutions every facility in domestic and foreign banking.

Resources thirty millions of dollars.





General Banking Room

United States Mortgage & Trust Company

New York

Capital and Surplus, \$6,000,000.00

ACTS as Correspondent for Banks, Bankers and Trust Companies.
Designated Legal Depositary for State, City, Court and Trust
Funds. Prepares and Certifies to issues of Municipal and Cor-
porate Bonds and acts as Fiscal Agent. Foreign Exchange bought and sold.

DIRECTORS

WILLIAM B. BOULTON
DUMONT CLARKE
C. A. COFFIN
HON. GEORGE A. COX
C. C. CUYLER
CHARLES D. DICKEY
WILLIAM P. DIXON

ROBERT A. GRANNISS
CHARLES M. HAYS
WILLIAM A. JAMISON
GUSTAV E. KISSEL
L. C. KRAUTHOFF
CLARENCE H. MACKAY
ROBERT OLYPHANT

JOHN W. PATTEN
MORTIMER L. SCHIFF
VALENTINE P. SNYDER
EBEN B. THOMAS
JAMES TIMPSON
ARTHUR TURNBULL
CORNELIUS VANDERBILT

73d St. & Broadway

55 Cedar Street

125th St. & 8th Avenue





BANKERS TRUST COMPANY

7 Wall Street, New York

Capital, \$1,000,000

Surplus and Profits, \$1,178,000

Directors

STEPHEN BAKER, President Bank of the Manhattan Co., New York.
SAMUEL G. BAYNE, President Seaboard National Bank, New York.
EDWIN M. BULKLEY, Spencer Trask & Co., Bankers, New York.
JAMES G. CANNON, Vice-President Fourth National Bank, New York.
E. C. CONVERSE, President, New York.
HENRY P. DAVISON, Vice-President, First National Bank, New York.
WALTER E. FREW, Vice-President Corn Exchange Bank, New York.
FRED'K T. HASKELL, Vice-President Illinois Trust & Savings Bank, Chicago.
A. BARTON HEPBURN, President Chase National Bank, New York.
THOMAS W. LAMONT, Vice-President, New York.
EDGAR L. MARSTON, Blair & Co., Bankers, New York.
GATES W. MCGARRAH, President Mechanics' National Bank, New York.
GEO. W. PERKINS, J. P. Morgan & Co., Bankers, New York.
WILLIAM H. PORTER, President Chemical National Bank, New York.
DANIEL G. REID, Vice-President Liberty National Bank, New York.
EDWARD F. SWINNEY, President First National Bank, Kansas City.
JOHN F. THOMPSON, Vice-President, New York.
GILBERT G. THORNE, Vice-President National Park Bank, New York.
EDWARD TOWNSEND, President Importers' & Traders' Nat. Bank, New York.
ALBERT H. WIGGIN, Vice-President Chase National Bank, New York.
SAMUEL WOOLVERTON, President Gallatin National Bank, New York.
EDWARD F. C. YOUNG, President First National Bank, Jersey City.

Particular attention is called to the personnel, character and strength of this Company's directorate. Interest paid upon inactive deposits.

E. C. CONVERSE, President

J. F. THOMPSON, V. P.

T. W. LAMONT, V. P.

D. E. POMEROY, Treas.

B. STRONG Jr. Sec'y.

H. W. DONOVAN, Asst. Treas.

F. N. B. CLOSE, Asst. Sec'y.





ORIGINAL CHARTER 1929.

**THE
GALLATIN
NATIONAL BANK
OF THE CITY OF NEW YORK.**

CAPITAL, \$1,000,000
SURPLUS AND PROFITS (Earned) 2,400,000

OFFICERS.

SAMUEL WOOLVERTON, President.
ALEXANDER H. STEVENS, Vice-President.
GEORGE E. LEWIS, Cashier.
HOWELL T. MANSON, Assistant Cashier

DIRECTORS.

ADRIAN ISELIN, JR. CHARLES A. PEABODY.
FREDERIC W. STEVENS. SAMUEL WOOLVERTON,
ALEXANDER H. STEVENS. CHARLES H. TWEED.
W. EMLÉN ROOSEVELT. THOMAS DENNY.





THE BANK OF PITTSBURGH

NATIONAL ASSOCIATION

THE BANK HISTORICAL—FOUNDED 1810—THE OLDEST BANK WEST OF THE ALLEGHANY MOUNTAINS
CAPITAL AND SURPLUS, \$5,300,000.00

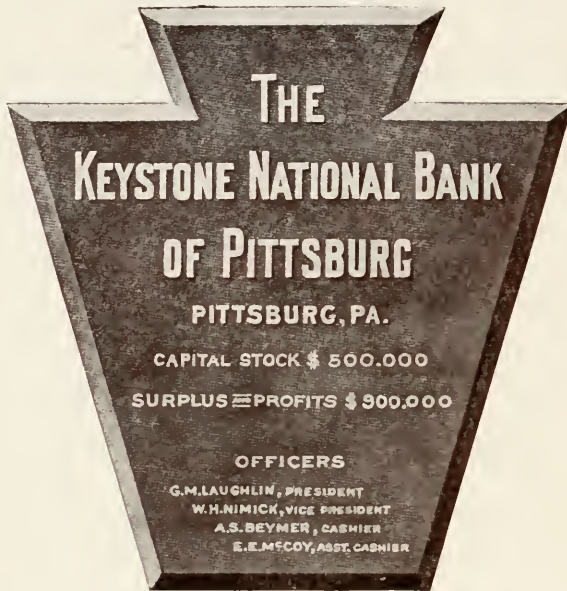


GIRARD NATIONAL BANK
Oldest Bank Building in the United States. Erected in 1795 for the
First Bank of the United States

For over three-quarters of a century the GIRARD NATIONAL BANK of Philadelphia has enjoyed the confidence of the business community of Philadelphia. ¶ Its long successful career bears evidence of conservatism and progressiveness in its management and its name stands as a synonym for strength, safety and solidity throughout the entire country. ¶ Its equipment for handling bank accounts is unsurpassed. Capital, Two Million Dollars. ¶ Surplus and Profits; Three Million Eight Hundred Thousand Dollars. Deposits, Thirty-five Million Dollars.

FRANCIS B. REEVES *President*
RICHARD L. AUSTIN *Vice-President*
THEO. E. WIEDERSHEIM *2d Vice-President*
JOSEPH WAYNE, JR. *Cashier*
CHAS. M. ASHTON *Asst. Cashier*





For over twenty-four years the KEYSTONE NATIONAL BANK of PITTSBURG has enjoyed uniform patronage and prosperity. ¶ The efficient service it renders its clientele, its policy of liberality to legitimate enterprises, combined with conservatism in the placing of its funds, has inspired confidence, not alone in the immediate vicinity, but throughout the banking and financial world.

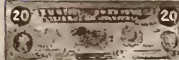




THE BANK OF COMMERCE,

NATIONAL ASSOCIATION

OF CLEVELAND, WAS ORGANIZED IN 1899. HAVING A CAPITAL, SURPLUS AND PROFITS OF THREE MILLION FOUR HUNDRED THOUSAND DOLLARS, AND RESOURCES OF EIGHTEEN MILLION DOLLARS, IT IS THOROUGHLY EQUIPPED FOR TRANSACTING ALL BRANCHES OF LEGITIMATE BANKING, AND CORDIALLY INVITES CORRESPONDENCE WITH OUT-OF-TOWN BANKS, TRUST COMPANIES, CORPORATIONS AND FIRMS, REQUIRING A CLEVELAND CONNECTION; CONFIDENTLY BELIEVING IT CAN RENDER SERVICE THAT WILL MERIT THEIR PATRONAGE. ITS DIRECTORATE IS COMPOSED OF SOME OF CLEVELAND'S MOST REPRESENTATIVE BANKERS AND BUSINESS MEN; AN ASSURANCE OF A FAITHFUL PERFORMANCE OF ALL TRUSTS.





The Fourth Street National Bank of Philadelphia

has unsurpassed facilities for
extending every form of
financial service. A special-
ty is made of bank accounts.
Capital and surplus over
\$9,000,000; total resources
over \$50,000,000. Cor-
respondence invited.

R. H. RUSHTON, President
E. F. SHANBACKER, 1st Vice-President
B. M. FAIRES, 2nd Vice-President
R. J. CLARK, Cashier
W. A. BULKLEY, Assistant Cashier
F. G. ROGERS, Mgr. Foreign Ex. Dept.





MARINE NATIONAL BANK

OF BUFFALO

Capital - - \$1,500,000.00
Surplus and Profits, 1,145,926.80
Deposits - - 17,521,984.80

STEPHEN M. CLEMENT	-	-	President
JOHN J. ALBRIGHT	-	-	Vice-President
JOHN H. LASCELLES	-	-	Vice-President
CLIFFORD HUBBELL	-	-	Cashier
HENRY J. AUER	-	-	Assistant Cashier

Directors

STEPHEN M. CLEMENT	E. H. HUTCHINSON
JOHN J. ALBRIGHT	GEORGE B. MATHEWS
CHAS. W. GOODYEAR	CHARLES H. KEEP
WM. H. GRATWICK	JOHN H. LASCELLES
EDMUND HAYES	WM. A. ROGERS
WM. H. HOTCHKISS	MOSES TAYLOR
CORNELIUS VANDERBILT	

OLDEST COMMERCIAL BANK IN BUFFALO

WE HAVE THE FACILITIES FOR HANDLING YOUR BUSINESS
WE INVITE CORRESPONDENCE FROM BANKS AND BANKERS





THE NEW HOME OF THE FIRST NATIONAL BANK

The FIRST NATIONAL BANK *of* CLEVELAND is the largest National Bank in the State of Ohio. ¶ It has a Capital of \$2,500,000 ; Surplus and Profits of \$1,100,000, and Total Resources of \$31,000,000, ¶ It has a directorate composed of forty-six representative business men and bankers who are a guarantee of fidelity, and its steady substantial growth indicates a successful management. ¶ The personal attention of an official is given all correspondence of a business nature.



THE FIDELITY TITLE AND TRUST COMPANY OF PITTSBURGH, was incorporated in 1886.

¶ It was the first trust company in Pittsburgh organized under the general Trust Company Act of 1874. ¶ The substantial progress it has made is due to the policy it has pursued in carefully conserving the best interests of its clientele. ¶ Having a board of directors composed of some of the leading bankers and business men of Pittsburgh, a capital of two million dollars, surplus and profits over five millions and total assets seventy-three millions, its facilities for transacting a banking and trust company business are unsurpassed.

OFFICERS

JOHN B. JACKSON, . . .	President	ROBERT PITCAIRN, . . .	Vice-President
JAMES J. DONNELL, . . .	Vice-President	C. E. WILLOCK, . . .	Treasurer
JOHN MCGILL, . . .	Secretary	EUGENE MURRAY, . . .	Ass't Sec'y-Treas.
J. A. KNOX, . . .	Ass't Sec'y-Treas.	A. F. BENKART, . . .	{ Asst. Trust Officers
THOMAS R. ROBINSON, . . .	Auditor	M. MCGIFFIN, . . .	
C. S. GRAY, Vice-President and Trust Officer.			



COLORADO STATE CAPITOL DENVER

Denver, the Convention City, 1908

THE thirty-fourth annual convention of the American Bankers Association will be held in Denver, the week beginning September 28, 1908. The marvelous progress of the banking business in the West during the past ten years and the excellent banking facilities of Denver, make it the most appropriate city in the country for the convention of 1908. The bankers of Denver have prepared an elaborate programme for the entertainment of the delegates and visitors.

Denver is one of the most modern cities in the world. It is situated in the "Land of Sunshine," one mile above sea level. Government statistics say the sun shines on 304 days a year in Denver. Denver is one of the four great natural distributing points of America. It has a population of about 225,000. Its buildings are built of stone and brick and are modern and up-to-date. It has two hundred miles of electric

street car service, unsurpassed in the world. Its school system ranks highest in America, and it is the most beautiful and comfortable residence city in the world.

Denver's banking facilities are unsurpassed in America. It has seven national banks, with an aggregate capital of \$3,200,000 and surplus \$2,750,000, and fifteen state banks and trust companies with an aggregate capital of \$2,750,000, making a total banking capital and surplus of nearly \$9,000,000, and deposits approximating \$62,000,000.

Colorado is the greatest mountain resort state on the American continent. Its scenic wonders are unequaled in the world. It is not only the greatest mining state in America, but its agricultural interests are far greater than its mineral resources. In 1907 its mineral production was \$48,780,745 while its farm products, including sugar beets, was \$95,891,187, and its live stock products were \$30,020,000. It also produced in refined sugar \$20,000,000. Colorado's population is 20% foreign and 80% native American. On the two following pages will be found the leading financial institutions of Denver, the First National Bank and the International Trust Company.



UNITED STATES MINT, DENVER



FIRST NATIONAL BANK

THE FIRST NATIONAL BANK of DENVER is today one of the strongest banks in the United States. Its extensive list of correspondents throughout the country gives it unrivaled facilities for handling all business entrusted to it. Capital, One Million Dollars Surplus, One Million Dollars

Officers

D. H. MOFFAT . . . President THOS. KEELY . . . Vice-President
F. G. MOFFAT . . . Cashier C. S. HAUGHWOUT, Asst. Cashier
J. C. HOUSTON, Asst. Cashier

Directors

D. H. MOFFAT	F. G. MOFFAT
L. H. EICHOLTZ	C. S. HAUGHWOUT
J. A. McCLURG	GERALD HUGHES
THOMAS KEELY	C. M. MacNEILL, Colorado Springs
SPENCER PENROSE, Colorado Springs	





THE INTERNATIONAL TRUST COMPANY IN DENVER, is the oldest and largest Trust company in the State of Colorado. ¶ The substantial progress it has made is due to the policy it has pursued in safeguarding the interests of its clientele. ¶ Its directorate consists of leading bankers and financial men of the west. ¶ Every department is under the management of a highly specialized officer and its facilities for transacting a banking and trust company business are unsurpassed. ¶ Capital and Surplus, Five hundred thousand dollars.

D. H. MOFFAT	-	-	-	President
THEO. G. SMITH	-	-	-	Vice-President
S. G. GILL	-	-	-	Secretary
P. E. CLELAND	-	-	-	Assistant Secretary



The Corn Exchange
National Bank of
Philadelphia has the
facilities for handling
your business. Resources
Eighteen Million dollars.

BENJAMIN GITHENS,	.	.	.	President
WM. W. SUPPLEE,	.	.	.	Vice-President
CHAS. S. CALWELL,	.	.	.	Cashier
M. N. WILLITS, JR.,	.	.	.	Assistant Cashier





THE UNION NATIONAL
BANK OF CLEVELAND
has the resources, organiza-
tion and connections which enables it
to be of the utmost service to Banks,
Corporations, Firms and Individuals,
whose business it desires, and to whom
is extended the facilities acquired
through twenty-five years of service
to the business community. ¶ Capital
and Surplus, two million, five hun-
dred thousand dollars; Resources,
fifteen million dollars.





MISSISSIPPI VALLEY TRUST COMPANY SAINT LOUIS

Officers

JULIUS S. WALSH, *Chairman of the Board.*

BRECKINRIDGE JONES,
President.

JOHN D. DAVIS,
Vice-President.

SAMUEL E. HOFFMAN,
Vice-President.

HENRY SEMPLE AMES,
Assistant Executive Officer.

FREDERICK VIERLING,
Trust Officer.

TOM W. BENNETT,
Real Estate Officer.

GEO. KINGSLAND,
Assistant Real Estate Officer.

JAMES E. BROCK,
Secretary.

HUGH R. LYLE,
Assistant Secretary.

HENRY C. IBBOTSON,
Assistant Secretary.

C. HUNT TURNER Jr.,
Assistant Secretary.

LOUIS W. FRICKE,
Assistant Secretary.

WILLIAM G. LACKEY,
Bond Officer.

WM. McC. MARTIN,
Assistant Bond Officer.

CHARLES W. MORATH
Safe Deposit Officer.

Directors

JOHN I. BEGGS,
President United Railways Co. of St. Louis.
President Lacade Gas Light Co.

WILBUR F. BOYLE,
Boyle & Priest.

JAMES E. BROCK,
Secretary.

MURRAY CARLETON,
President Carleton Dry Goods Co.

CHARLES CLARK,
HORATIO N. DAVIS,
President Smith & Davis Mfg. Co.

JOHN D. DAVIS,
Vice-President.

AUGUSTE B. EWING,
DAVID R. FRANCIS,
Francis Bro. & Co.

AUGUST GEHNER,
President German-American Bank.

S. E. HOFFMAN,
Vice-President.

BRECKINRIDGE JONES,
President.

W. J. MCBRIDE,
Vice-President Haskell & Barker Car Co.

NELSON W. MCLEOD,
Vice-Pres. Grayson-McLeod Lumber Co.

SAUNDERS NORVELL,
President Norvell-Shapleigh Hdw. Co.

ROBERT J. O'REILLY, M. D.
WM. D. ORTHWEIN,
President Wm. D. Orthwein Grain Co.

HENRY W. PETERS,
President Peters Shoe Co.

H. CLAY PIERCE,
Chairman Board Waters-Pierce Oil Co.

JOSEPH RAMSEY, Jr.,
AUGUST SCHLAFLY,
President Union Trust & Savings Bank.

R. H. STOCKTON,
President Majestic Mfg. Co.

JULIUS S. WALSH,
Chairman of the Board.

ROLLA WELLS,
Mayor of City of St. Louis.





THE COAL & IRON NATIONAL BANK

OF THE CITY OF NEW YORK

Is located directly opposite to the downtown ferries of the Pennsylvania, Lehigh Valley, Baltimore & Ohio and the New Jersey Central Railroads, which are the principal approaches to the downtown commercial district. Out-of-town bankers find it very convenient to deal with this bank which therefore makes a specialty of serving the interests of inland institutions whose business always receives personal attention. The Directors and Stockholders of this bank consist largely of men prominent in the great railroad, anthracite coal and manufacturing industries of the East, in addition to a large representation from the diversified commercial interests of New York City. It has a large official staff which has been identified with metropolitan banking and commercial interests for many years and is thoroughly equipped to handle in its various departments both domestic and foreign banking.

Its capital, surplus and profits aggregate over One Million Two Hundred Thousand Dollars. Total Resources exceeding Six Million Five Hundred Thousand Dollars.

The officers are Mr. John T. Sproull, President; Anthony A. Lisman and David Taylor, Vice-Presidents; Addison H. Day, Cashier, and Henry J. Dorgeloh, Assistant Cashier.





THE Omaha National Bank of Omaha is the

largest bank in the State of Nebraska.

¶ For many years it has been closely identified with the progress and development of the great business industries of Omaha, and its name has become a synonym for strength and conservatism throughout the West. ¶ It has an extensive clientele in the great agricultural district in which it is located and correspondents throughout the West to the Coast, which enables it to offer superior facilities for handling all business in this section. ¶ It has a Capital of \$1,000,000. Surplus and Profits of over \$400,000 and Deposits of over \$10,500,000.

Officers

J. H. MILLARD, President

WM. WALLACE, Vice-President

C. F. McGREW, Vice-President

W. H. BUCHOLZ, Cashier

FRANK BOYD, Asst. Cashier

B. A. WILCOX, Asst. Cashier

EZRA MILLARD, Asst. Cashier





Lobby of
The Central National Bank
Rockefeller Building, Cleveland, O.

Statement of Condition, July 15, 1908

Loans and Discounts	\$6,103,027.65
United States and Other Bonds	1,215,932.98
Overdrafts	22,866.60
Furniture and Fixtures	50,000.00
Cash on hand	\$1,060,791.21
With Banks	2,167,906.59
With Treasurer of U. S.	50,000.00
	<hr/>
	3,278,697.80
	<hr/>
	\$10,670,525.03
Capital Stock	\$1,000,000.00
Surplus	500,000.00
Profits	130,430.67
Circulation	1,000,000.00
Bond Account	548,500.00
Deposits	7,491,594.36
	<hr/>
	\$10,670,525.03

J. J. SULLIVAN, Pres.
C. A. PAINE, Cashier

E. W. OGLEBAY, Vice-Pres.
L. J. CAMERON, Asst. Cash.





THE CAPITAL NATIONAL BANK OF ST. PAUL

is the successor to the business of the Capital Bank that was organized in 1880, and the St. Paul National Bank that was organized in 1883. ¶ Having a directorate composed of prominent bankers and business men and an official staff who are thoroughly versant with conditions and credits as well as with the requirements of their customers, it offers unsurpassed facilities for handling all branches of the banking business throughout the Northwest. Every accommodation and courtesy consistent with sound banking methods will be granted. ¶ THE CAPITAL NATIONAL BANK has a capital of \$500,000.00, surplus and profits approximately \$100,000.00 and deposits of over \$4,000,000.00.

Correspondence is Invited.

OFFICERS

JOHN R. MITCHELL, PRESIDENT
WALTER F. MYERS, VICE-PRES. WM. B. GEERY, VICE-PRES.
H. E. HALLENBECK, CASHIER EDW. H. MILLER, ASST. CASHIER
E. A. SCHROEDER, ASST. CASHIER





Hon. Hugh McCulloch
*the first Comptroller of the Cur-
rency, addressing the National
Banks in 1863, said:*

“DO nothing to foster and encourage speculation. Give facilities only to legitimate and prudent transactions. Distribute your loans rather than concentrate them in a few hands. Pursue a straightforward, upright, legitimate banking business. Treat your customers liberally, bearing in mind that the bank prospers as its customers prosper.”

Reproduced from a recent published statement of
The National Bank of the Republic of Chicago





WE DESIRE TO IMPRESS
on every banker the fact that our service in the collection of Buffalo items cannot be excelled; that we are a strong, conservative Bank governed by careful, prudent, yet progressive management; and that personal administration by our officers, courtesy, and faithfulness to details are large factors in our methods. ¶ Confidence, popularity, and steady growth have followed our effort to serve rightly. Entrust to us your business and you will not regret it. ¶ We welcome correspondence with a view to establishing permanent relations. ¶ Capital, Surplus and Profits, Five Hundred and Sixty Thousand Dollars; Deposits, Four Million, Three Hundred Thousand Dollars.

Officers

A. D. BISSELL, President

C. R. HUNTLEY, Vice-President E. J. NEWELL, - Cashier

HOWARD BISSELL, Ass't. Cashier C. G. FEIL, - Asst. Cashier





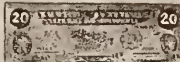
First National Bank

Minneapolis, Minnesota

Capital	-	-	\$2,000,000
Surplus and Profits			2,062,602
Deposits	-		15,000,000

Officers

F. M. PRINCE	President
C. T. JAFFRAY	Vice-President
GEO. F. ORDE	Cashier
D. MACKERCHAR	Asst. Cashier
ERNEST C. BROWN,	Asst. Cashier
H. A. WILLOUGHBY,	Asst. Cashier





WESTERN TRUST & SAVINGS BANK

THE "ROOKERY" CHICAGO

Established 1873. Capital, One Million Dollars.

OFFICERS

JOSEPH E. OTIS, . . . President	WALTER H. WILSON, Vice-President
LAWRENCE NELSON, Vice-President	WILLIAM C. COOK, . . . Cashier
ADDISON CORNEAU, . . Asst. Cashier	ALBERT E. COEN, . . . Auditor
LOUIS H. SCHROEDER, Manager Bond Sales Department	
J. J. RAHLF, Manager Foreign Exchange Department	

TRUST DEPARTMENT

W. G. WALLING, . . . Secretary	CLARK S. JENNISON, Asst. Secretary
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DEPARTMENTS

- COMMERCIAL** Accounts of Banks, Bankers, corporations, firms and individuals received on the most favorable terms. Loans made on approved notes and collateral. Time or demand interest bearing certificates of deposit issued.
- SAVINGS** Interest at the rate of 3 per cent. per annum, compounded semi-annually, allowed on savings deposits.
- BOND** Government, Municipal and Corporation bonds bought and sold. We at all times have in this department a choice line of high grade securities for sale. Advice to investors cheerfully given.
- FOREIGN** Letters of Credit and Traveler's Checks issued, available all over the world. Foreign remittances and collections made. Foreign Exchange bought and sold at best rates.
- TRUST** We are authorized by law, and are completely equipped, to act as Administrator, Executor, Guardian, Conservator, Assignee and Receiver. Also act as Transfer Agent and Registrar of stock and bond issues. Make investments and act as agent in the collection and disbursement of incomes. Trust funds and trust investments are kept separate from the assets of the Bank.

The above departments are all managed by capable officers, especially qualified and selected with regard to the efficient and intelligent performance of the functions connected therewith, consequently giving our customers the highest degree of service.





The Peoples State Bank

Detroit, Michigan

Capital and Surplus, \$3,000,000

Accounts of Banks, Bankers, Firms, Corporations and Individuals received. Well established collection facilities. Correspondence invited

Officers

GEORGE H. RUSSEL,	President
M. W. O'BRIEN, Vice-Pres. and Chairman of Board	
H. C. POTTER, Jr.,	Vice-President
GEO. E. LAWSON,	Vice-President
R. S. MASON,	Vice-President
F. A. SCHULTE,	Vice-President
AUSTIN E. WING,	Cashier
H. P. BORGMAN,	Cashier Savings Dept.
K. W. SMYLLIE,	Manager Credit Dept.
J. R. BODDE,	Assistant Cashier
GEO. T. COURTNEY,	Auditor

Directors

R. A. ALGER	R. S. MASON
GEORGE H. BARBOUR	FRED. T. MORAN
W. T. BARBOUR	M. J. MURPHY
H. M. CAMPBELL	P. H. McMILLAN
B. S. COLBURN	M. W. O'BRIEN
C. A. DuCHARME	H. C. POTTER, Jr.
JEREMIAH DWYER	LOUIS ROTHSCHILD
HALEY FISKE	GEO. H. RUSSEL
F. J. HECKER	HENRY RUSSEL
GEO. E. LAWSON	HUGO SCHERER
H. B. LEDYARD	F. A. SCHULTE





THE FIDELITY TRUST COMPANY of New York, is especially organized and equipped to provide all the facilities of a modern Banking Institution, handling the accounts of Banks, Trust Companies, Individuals, Firms and Corporations. ¶ It seeks to transact business on legitimate, straight forward up-to-date methods. The adoption and maintenance of this policy has gained for the company a prestige and standing worthy of an institution many years its senior. It opened for business May 22, 1907. On May 22, 1908, it had over one thousand accounts on its books, aggregating in deposits \$4,208,172, and since that date these figures have shown a gratifying increase. ¶ The directorate is composed of thorough, practical business men and bankers whose prominence, strength and influence have obtained for the company a marked degree of confidence in the business community. ¶ All communications relative to business receive prompt official attention.

Capital and Surplus, \$1,500,000

Officers

SAMUEL S. CONOVER, President

WM. H. BARNARD, JOHN W. NIX, Vice-Presidents

ANDREW H. MARS, Secretary

STEPHEN L. VIELE, Assistant Secretary





The Peoples National Bank

Pittsburgh, Pa.

PITTSBURGH owes much of its marvelous growth to a number of prominent and successful merchants and manufacturers, who, in the early "sixties" realized that the city would eventually become a great industrial center, provided it was supplied with ample banking capital to meet its growing requirements. ¶ With this in view they organized THE PEOPLES NATIONAL BANK in 1864, with a Capital of \$1,000,000—with authority to increase to \$2,000,000—thus showing their wisdom in preparing for the city's future greatness as a manufacturing metropolis. ¶ As an indication of the Bank's successful management during the FORTY-FOUR YEARS of its existence, it has paid dividends amounting to \$3,805,000—and accumulated a surplus of \$1,800,000—out of its earnings. The total resources now are \$16,000,000. While it has never departed from a conservative policy during its history, it has always been progressive and up-to-date in its methods, and today it stands as one of the foremost banks in the National system.





S. R. FLYNN, PRESIDENT
G. A. RYTHER, CASHIER

J. A. SPOOR, VICE-PRESIDENT
G. F. EMERY, ASS'T CASHIER

DIRECTORS

J. OGDEN ARMOUR
JAMES H. ASHBY
SAMUEL COZZENS
S. R. FLYNN

A. G. LEONARD
EDWARD MORRIS
G. A. RYTHER
J. A. SPOOR

A BANK'S affiliations suggest its strength and its ability to bring about certain definite results. **THIS FACT SPEAKS FOR**

**THE LIVE STOCK
EXCHANGE NATIONAL
BANK OF CHICAGO**

whose close connections with great Live Stock interests make of it an effective vehicle for handling to your advantage your live stock funds.

Capital	- - -	\$1,250,000.00
Surplus and Profits	-	350,000.00

Reserve agent for National Banks. Accounts of Banks, Bankers and Corporations *Solicited*.

Located Center World's Great Live Stock Market
Union Stock Yards, Chicago





The First National Bank

St. Joseph, Missouri

CAPITAL	-	-	\$500,000.00
SURPLUS	-		300,000.00

This bank is located in the heart of the greatest agricultural district in the world. We consistently follow a conservative policy and invite patronage, feeling confident that our facilities for rendering prompt and efficient service is unsurpassed.

OFFICERS

CHARLES PASCHE	-	-	President
J. T. TRENER	-	-	Vice-President
E. C. HARTWIG	-	-	Cashier
W. F. MAXWELL	-	-	Assistant Cashier





THE MERCHANTS
NATIONAL BANK
of BURLINGTON, IOWA,
established in Eighteen Hun-
dred and Seventy. ¶ Its Cap-
ital, Surplus and Undivided
Profits of two hundred and
thirty thousand dollars with a
record of thirty-eight years of
ever increasing business, offers
its services for your Iowa
business.

J. L. EDWARDS, PRESIDENT
JAMES MOIR, VICE-PRESIDENT

W. E. BLAKE, VICE-PRESIDENT
ALEX MOIR, VICE-PRESIDENT

H. J. HUNGERFORD, CASHIER

F. L. HOUKE, ASST. CASHIER

C. L. FULTON, ASST. CASHIER

DIRECTORS

T. W. BARHYDT, CHAIRMAN
H. A. BROWN
W. E. BLAKE

JAMES MOIR
W. C. TUBBS
W. W. COPELAND

ALEX. MOIR
N. S. YOUNG
J. L. EDWARDS





The Northwestern National Bank

Minneapolis, Minn.



Capital and Surplus, \$4,000,000
Deposits . . . \$20,000,000

OFFICERS

WM. H. DUNWOODY . . .	President	FRANK E. HOLTON . . .	Cashier
M. B. KOON . . .	Vice-President	CHAS. W. FARWELL . .	Assistant Cashier
E. W. DECKER . . .	Vice-President	W. F. McLANE . . .	Assistant Cashier
JOSEPH CHAPMAN, Jr. .	Vice-President	ROBT. E. MACGREGOR .	Assistant Cashier
A. A. CRANE . . .	Vice-President	S. S. COOK . . .	Assistant Cashier
I. F. COTTON . . .			Assistant Cashier





THAT they are Endowments in Chrysalis distinguishes the regular life policies of the Mutual Benefit Life Insurance Company, from those of all other companies.

Their Complete Metamorphosis from policies payable by their original terms "at death only" into Endowments payable at a certain and gradually diminishing age, or at prior death, results from their holders exercising their unique contract right of applying their annual dividends to the purpose of thus transforming them.

This "Accelerative Endowment" feature assures an Independent Old age to the Insured as well as an Independence to His Family in the event of his early death, at the Lowest of Life Rates.

The Vice-President of The Merchants National Bank of Cincinnati endorses this Accelerative Endowment Plan in the following letter:

CAPITAL, \$1,200,000
SURPLUS, \$300,000

The Merchants National Bank
CINCINNATI, O.

M. E. INGALLS, PRESIDENT
E. C. GOSHORN, VICE-PRES. GEO. R. BALCH, VICE-PRES.
W. W. BROWN, VICE-PRES. H. C. YERGASON, VICE-PRES.
W. P. STAMM, CASHIER C. A. STEVENS, ASS'T CASHIER

May 4, 1908.

Messrs. L. D. Drewry & Co., State Agents,
The Mutual Benefit Life Insurance Co.
City.

Gentlemen:

I am today in receipt of your company's check to cover the amount due me under my policy No. 89,166, issued in 1877, at age 32, for \$5,000, which has just matured as an encowment.

I am, naturally, pleased with the result of this policy, as I took it upon the Ordinary Life plan to furnish me protection at the lowest rate, the premium on the \$5,000 amounting to \$118.50 per year. The dividends have been left with the company from the beginning, to convert the policy into an endowment, and it matures in 31 years, giving me not only the insurance at the straight life rate, but better than two per cent. compound interest on the money paid in.

Very truly yours,
W. W. BROWN.

The Accelerative Endowment Plan is written only by

The Mutual Benefit Life Ins. Co.

of Newark, New Jersey

FREDERICK FRELINGHUYSEN, President





Your Vacation

A combination of water and rail routes, affords a trip of unusual attractiveness. An invigorating ocean trip from New York on magnificent 10,000-ton ships. Suites, staterooms, library, smoking room, baths, excellent cuisine. A sojourn in New Orleans, the half-French, half-American city, always brimful of interest. Continue on Pullmans through the great harvesting sections of the South and Middle West. Visit Louisville, St. Louis, Cincinnati, Cleveland, Chicago, Indianapolis, Detroit, etc. Stop off at Niagara Falls, and then home, after a most delightful and restful trip.

Rate, round trip, \$63.00

including Meals and Berth on Steamer

Send for copy of

“A Hundred Golden Hours at Sea”

Descriptive of the

SOUTHERN PACIFIC STEAMSHIPS
NEW YORK TO NEW ORLEANS

L. H. NUTTING, GENERAL PASSENGER AGENT
349 BROADWAY, NEW YORK



**The First National
Bank of Milwaukee,**
with a capital and sur-
plus of two and one-half
million dollars and de-
posits of fifteen millions,
esteems the patronage of
“out-of-town” banks
and accords them fair
and liberal treatment.





The Cleveland Trust Company

Cleveland, Ohio

Capital, \$2,500,000 Surplus, \$2,500,000

RESERVE accounts of Firms, Corporations, and Individuals cordially invited, and, if deposited under savings rules, they will draw 4 per cent. interest. **C** Through our bond department, we handle carefully selected issues of municipal and corporation bonds, yielding the investor from 4 to 6 per cent. per annum.

Correspondence solicited





NATIONAL COPPER BANK

of New York

Capital, - -	\$2,000,000
Surplus and Profits,	2,382,000
Deposits, July 15, 1908,	18,000,000

Opened for business, May 1, 1907

Directors

F. LOTHROP AMES, Boston
JAMES M. BECK, Former Assistant U. S. Attorney General
JAMES C. BISHOP, Redmond & Co.
CHARLES F. BROOKER, President American Brass Co.
W. R. CRAIG, Craig & Jenks, Cotton Commission Merchants
H. O. HAVEMEYER, Jr., Brooklyn Eastern District Terminal
H. H. HEWITT, President Magnus Metal Co.
JAMES JOURDAN, President Brooklyn Union Gas Co.
ADOLPH LEWISOHN, President United Metals Selling Co.
WILLIAM A. PAINE, President Copper Range Consolidated Co.
ROBERT C. PRUYN, Prest. Nat. Commercial Bank, Albany, N. Y.
HENRY H. ROGERS, Jr., Director Amalgamated Copper Co.
F. W. ROEBLING, President J. A. Roebling Sons' Co.
CHARLES H. SABIN, President
GEORGE R. SHELDON, W. C. Sheldon and Co.
R. M. STUART-WORTLEY, Treasurer United Metals Selling Co.

Officers

CHARLES H. SABIN, - - President
JOHN D. RYAN, - - Vice-President
THOMAS F. COLE, - Vice-President
URBAN H. BROUGHTON, Vice-President
WALTER F. ALBERTSEN, - Cashier
JOSEPH S. HOUSE, - Assistant Cashier

Depository of the United States, State and City of New York





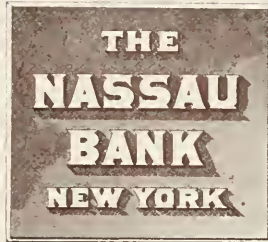
THE GIRARD TRUST COMPANY
CORNER BROAD AND CHESTNUT STREETS, PHILADELPHIA, PA.
CHARTERED 1836



The Registrar and Transfer Company
of 35 Nassau Street, New York City,
represents over TWO BILLIONS of
capital and offers the best of facili-
ties as Transfer Agent or Registrar
of listed or unlisted securities and
attends to payment of dividends.
¶ The Company also organizes cor-
porations under the laws of the lead-
ing charter granting States of the
East, acts as Registered Agent and
generally assists in all corporate
matters.

Transfer Agent
Organization
Registrar
Payment of Dividends





THE NASSAU BANK is one of New York's old conservative banking institutions. It was established in 1852, and its founders made a rule, to always conserve the best interests of its clientele, which has been the policy of each succeeding management. It transacts all business that lies in the channel of legitimate banking. It issues letters of Credit and Travelers' Cheques, available in all parts of the world. It is thoroughly equipped to render first-class service and invites the accounts of firms, corporations and individuals, offering them as liberal treatment as safe banking methods will permit.

OFFICERS

WILLIAM H. ROGERS	- President	EDWARD EARL	- - Cashier
JAMES C. BELL	- Vice-President	W. B. NOBLE	- Assistant Cashier
JOHN MUNRO	- Vice-President	H. P. STURR	- Assistant Cashier

DIRECTORS

JAMES C. BELL	HENRY C. MILLER	HARRY BRONNER
WILLIAM H. ROGERS	SAMUEL R. WEED	RICHARD YOUNG
	JOHN MUNRO	

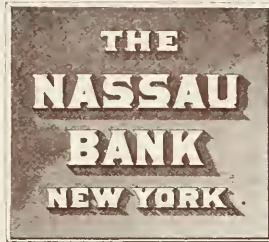




The Registrar and Transfer Company
of 35 Nassau Street, New York City,
represents over TWO BILLIONS of
capital and offers the best of facilities
as Transfer Agent or Registrar
of listed or unlisted securities and
attends to payment of dividends.
¶ The Company also organizes corporations
under the laws of the leading charter
granting States of the East, acts as
Registered Agent and generally assists
in all corporate matters.

Transfer Agent
Organization
Registrar
Payment of Dividends





THE NASSAU BANK is one of New York's old conservative banking institutions. It was established in 1852, and its founders made a rule, to always conserve the best interests of its clientele, which has been the policy of each succeeding management. It transacts all business that lies in the channel of legitimate banking. It issues letters of Credit and Travelers' Cheques, available in all parts of the world. It is thoroughly equipped to render first-class service and invites the accounts of firms, corporations and individuals, offering them as liberal treatment as safe banking methods will permit.

OFFICERS

WILLIAM H. ROGERS	- President	EDWARD EARL	- - Cashier
JAMES C. BELL	- Vice-President	W. B. NOBLE	- Assistant Cashier
JOHN MUNRO	- Vice-President	H. P. STURR	- Assistant Cashier

DIRECTORS

JAMES C. BELL	HENRY C. MILLER	HARRY BRONNER
WILLIAM H. ROGERS	SAMUEL R. WEED	RICHARD YOUNG
	JOHN MUNRO	



THE location of the IRVING NATIONAL EXCHANGE BANK, at West Broadway and Chambers Street, New York, in the very center of the great wholesale produce and commission district, naturally makes it **STRICTLY A COMMERCIAL BANK.** ¶ With a directorate of unusual strength, composed of some of New York's most substantial business men and bankers, and an official staff of trained men who are familiar with every requirement of its large clientele, the IRVING EXCHANGE is prepared to render such service to banks, merchants, manufacturers and individuals, that once a business relation is established it is seldom, if ever, changed. ¶ Capital, \$2,000,000. Surplus and Profits, \$1,290,000, and Deposits aggregating \$23,000,000.

OFFICERS

LEWIS E. PIERSON	- President	CHAS. L. FARRELL	- Vice-President
JAMES E. NICHOLS	Vice-President	ROLLIN P. GRANT	- Vice-President
BENJ. F. WERNER	- Cashier	DAVID H. G. PENNY	- Asst. Cashier
HARRY E. WARD, Asst. Cashier			



FIRST NATIONAL BANK

RICHMOND VIRGINIA

United States, State and City
Depository

Capital
\$1,000,000.00

Earned Surplus
\$700,000.00

Officers

John B. Purcell,	.	.	.	President
John M. Miller, Jr.,	.	.	.	Vice-Pres't and Cashier
Chas. R. Burnett,	.	.	.	Ass't Cashier
J. C. Joplin,	.	.	.	Ass't Cashier
W. P. Shelton,	.	.	.	Ass't Cashier
Alex. F. Ryland,	.	.	.	Ass't Cashier

Correspondence Invited



To Pittsburgh, Dr.



Vast natural resources, busy industries, and capable financial management place the whole country in debt to Pittsburgh and pour a steady stream of gold into her coffers.

A million dollars a day she pays her laborers,—and collects from the nation she enriches.

Fifteen cars are filled with the product of her mines and mills each minute of time, and a waiting country gladly accepts the consignment.

To collect her bills and finance her immense industries she has a hundred banks,—strong, conservative, ably managed.

In the front rank of these institutions stands the Mellon National Bank—one of the twenty big banks of the country—with its capital of \$4,000,000 and resources exceeding \$41,000,000.

Its officers and directors have been, and now are, active in the organization and management of the principal industries of the City. They are men of substance—creditors of the Creditor City.

The Bank controls a large amount of desirable business, and can make an attractive proposition to other banks and trust companies, with due profit to itself.

Write for particulars.

Mellon National Bank

PITTSBURGH





THE FIRST NATIONAL BANK OF ST. PAUL, MINN.

CAPITAL \$1,000,000. SURPLUS \$1,000,000.

E. H. BAILEY, President E. N. SAUNDERS, Vice-President W. A. MILLER, Cashier
F. A. NIENHAUSER, Assistant Cashier O. M. NELSON, Assistant Cashier



The Merchants Exchange National Bank of New York

FOR three quarters of a century this substantial institution has maintained the confidence of the merchants and business men of New York from whom it has received its patronage. ¶ It is strictly a commercial bank, having no stock brokers accounts or Wall Street affiliations, and it has successfully passed through all of the great financial crises that has visited this country since 1829, the year it was organized, which is a guarantee of conservatism in management. ¶ It offers its services to out-of-town banks and bankers, assuring them they will receive as liberal treatment as is consistent with careful banking methods.





The Corn Exchange National Bank of Chicago

Capital	- - -	\$3,000,000.00
Surplus	- - -	3,000,000.00
Undivided Profits		1,750,000.00

Officers

CHARLES L. HUTCHINSON	ERNEST A. HAMILL, President	CHAUNCEY J. BLAIR Vice-President
D. A. MOULTON	- Vice-President	JOHN C. NEELY - Secretary
FRANK W. SMITH	- Cashier	B. C. SAMMONS Assistant Cashier
J. EDWARD MAASS	Assistant Cashier	JAMES G. WAKEFIELD Ass't Cashier

Directors

CHARLES H. WACKER
CHAUNCEY J. BLAIR
EDWARD B. BUTLER
CLARENCE BUCKINGHAM
WATSON F. BLAIR
CHARLES L. HUTCHINSON
EDWARD A. SHEDD

MARTIN A. RYERSON
CHARLES H. HULBURD
BENJAMIN CARPENTER
ISAAC G. LOMBARD
EDWIN G. FOREMAN
FREDERICK W. CROSBY
ERNEST A. HAMILL





THE COMMERCIAL TRUST COMPANY OF NEW JERSEY

is located in the Commercial Trust Company Building, adjoining the Pennsylvania Railroad Ferries, Jersey City, New Jersey; practically within the banking district of New York, and affords customers equal facilities and greater advantages than the New York banks and trust companies. ¶ With a Capital, Surplus and Profits of over \$3,000,000 and a Board of Directors composed of some of the most prominent bankers and business men of this country, it offers to customers the advantages of a general banking and trust company business, together with the most modern Safe Deposit accommodations to be found in the State. The Company has special facilities for collecting checks on any part of the country. ¶ Bank accounts and other personal property of corporations of States other than New York, doing business in New York, and of individuals, are taxable when kept in New York. It is therefore evident that it is of great advantage both to individuals and corporations to have Safe Deposit accommodations and Bank Accounts in the Commercial Trust Company of New Jersey.

Officers

JOHN W. HARDENBERGH	-	-	President
ROBERT S. ROSS	-	-	Vice-President
WILLIAM J. FIELD	-	-	Sec'y and Treasurer
JAY S. PERKINS	-	-	Ass't Treasurer
J. RICHARD TENNANT	-	-	Ass't Secretary

Executive Committee

C. C. CUYLER	ROBERT S. ROSS
JOHN W. HARDENBERGH	MYLES TIERNEY
JOHN A. MIDDLETON	JOHN J. VOORHEES
MOSES TAYLOR PYNE	GEORGE W. YOUNG





George W. Young & Company,

Bankers

Members New York Stock Exchange

Mutual Life Building, 59 Cedar Street, New York



INVESTMENT BONDS

INVESTMENT STOCKS

We buy and sell listed and unlisted securities,
and give particular care and attention to the orders
of individual, National and State Banks, Savings
Banks, Trust Companies and other investors.

We Invite Your Business





The Chase National Bank

of the City of New York



Capital	- - -	\$5,000,000
Surplus and Profits (Earned)		\$5,104,992
Deposits, July 15, 1908,	-	\$104,558,678

Officers :

A. B. HEPBURN	- - -	President	A. H. WIGGIN	- - -	Vice-President
S. H. MILLER	- - -	Cashier	W. E. PURDY	- - -	Assistant Cashier
C. C. SLADE	- - -	Assistant Cashier	H. M. CONKEY	- - -	Assistant Cashier
E. A. LEE	- - -	Assistant Cashier	A. C. ANDREWS	- - -	Assistant Cashier

Directors :

H. W. CANNON, Chairman			
GEORGE F. BAKER	JAMES J. HILL	A. BARTON HEPBURN	JOHN I. WATERBURY
GRANT B. SCHLEY	ALBERT H. WIGGIN	GEORGE F. BAKER, JR.	

We receive accounts of Banks, Bankers, Corporations, Firms and Individuals on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.





Empire Trust Company

New York City

We grow by doing

Note the comparative growth of this Company
since its organization.

March 19, 1904	-	-	-	\$1,915,587.18
December 31, 1904	-	-	-	3,195,465.56
December 31, 1905	-	-	-	6,551,035.57
December 31, 1906	-	-	-	6,184,955.78
December 31, 1907	-	-	-	6,421,510.76
June 30, 1908	-	-	-	9,632,229.13
August 20, 1908	-	-	-	12,520,175.32

This showing is the result of conservative banking and careful attention to the business intrusted to us. Our policy has been, and is now, to firmly establish a reputation for safety and conservatism and to refuse all propositions involving a risk as an inducement to an extensive showing. Our assets are all readily convertible into cash.

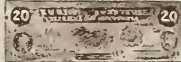
New York is the financial center of the United States if not of the World and a correspondent at that center is not only desirable but almost a necessity for the satisfactory conduct of banking and fiduciary business.

Select your banking institution wisely and then give it your confidence and assistance.

It is not only the balances maintained with us by our friends which gives us prestige but it is also the outside influences exerted by them in our favor which benefit us largely.

Capital, Surplus and Undivided Profits
\$1,600,000

NEW YORK, Main Office, 42 Broadway
LE ROY W. BALDWIN, President H. M. GOUGH, Secretary
Branches: 487 Fifth Avenue; 242 E. Houston Street
LONDON, Foreign Office, 9 New Broad Street
W. H. PARKER, London Secretary.





THE National Bank of Commerce in New York has a thoroughly up-to-date organization and equipment for the transaction of all branches of foreign and domestic banking, and solicits correspondence from banks and bankers contemplating opening new or additional accounts in the metropolis. ¶ With an intimate knowledge of the New York requirements of banks throughout the country, assurance is given of fair, intelligent and courteous consideration. ¶ The combined Capital, Surplus and Undivided Profits of the Bank is over Forty Million Dollars.

NATIONAL BANK OF COMMERCE IN NEW YORK





The Fort Dearborn National Bank of Chicago

Total resources of \$13,500,000, a directorate composed of prominent, successful business men and bankers, and an official staff of experienced, practical men who make every effort, by courteous, personal attention, to give customers the most prompt and efficient service, solicits the accounts of Banks, Corporations, Firms and Individuals.

CAPITAL - \$1,000,000
SURPLUS AND PROFITS, \$400,000

OFFICERS

WM. A. TILDEN	-	-	President
NELSON N. LAMPERT,	-	Vice-Pres.	HENRY R. KENT, - Cashier
CHARLES FERNALD,	-	Asst. Cashier	COLIN S. CAMPBELL, Asst. Cash.





THE
FOURTH NATIONAL
BANK OF THE CITY
OF NEW YORK
OFFERS TO DE-
POSITORS EVERY
FACILITY WHICH
THEIR BALANCES,
BUSINESS AND
RESPONSIBILITY
WARRANT.





The Phenix National Bank

of the City of New York

Directors

August Belmont
August Belmont & Company

E. W. Bloomingdale
Capitalist

Alfred M. Bull
Vice-President

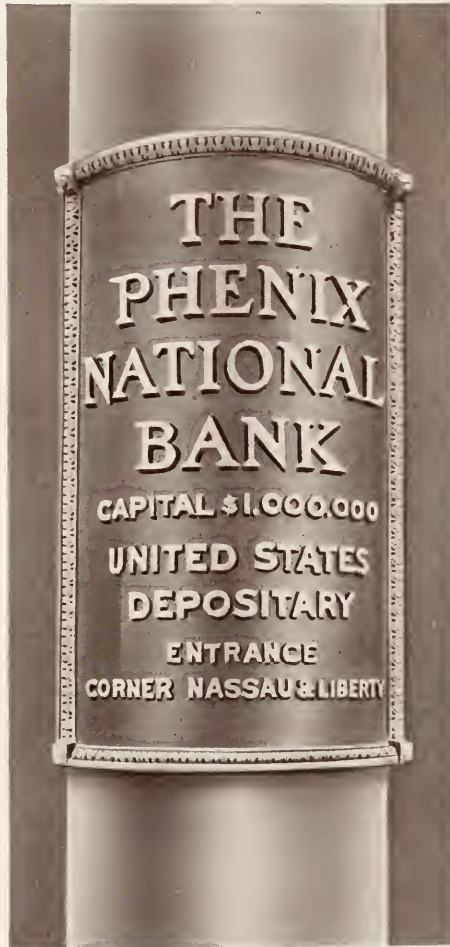
D. Crawford Clark
Clark, Dodge & Company

Edwin A. Potter
President, American Trust &
Savings Bank, Chicago

William Pierson Hamilton
J. P. Morgan & Company

Richard H. Higgins
Harvey Fisk & Sons

Elbert H. Gary
Chairman Board, United
States Steel Corporation



Directors

Robert P. Perkins
President Hartford Carpet
Corporation

Henry K. Pomroy
Pomroy Brothers

Geo. Coffing Warner
Attorney

George E. Roberts
President Commercial National Bank, Chicago

Frederick D. Underwood
President Erie Railroad Co.

Irving A. Stearns
Capitalist, Wilkes-Barre, Pa.

Finis E. Marshall
President

Capital, - \$1,000,000

Surplus, - 500,000

Officers:

Finis E. Marshall
President

Alfred M. Bull
Vice-President

B. L. Haskins
Cashier

H. C. Hooley
Assistant Cashier





FREDERICK B. SCHENCK, President

DANIEL G. REID, Vice-Pres.

CHARLES W. RIECKS, 2d V-Pres. and Cashier

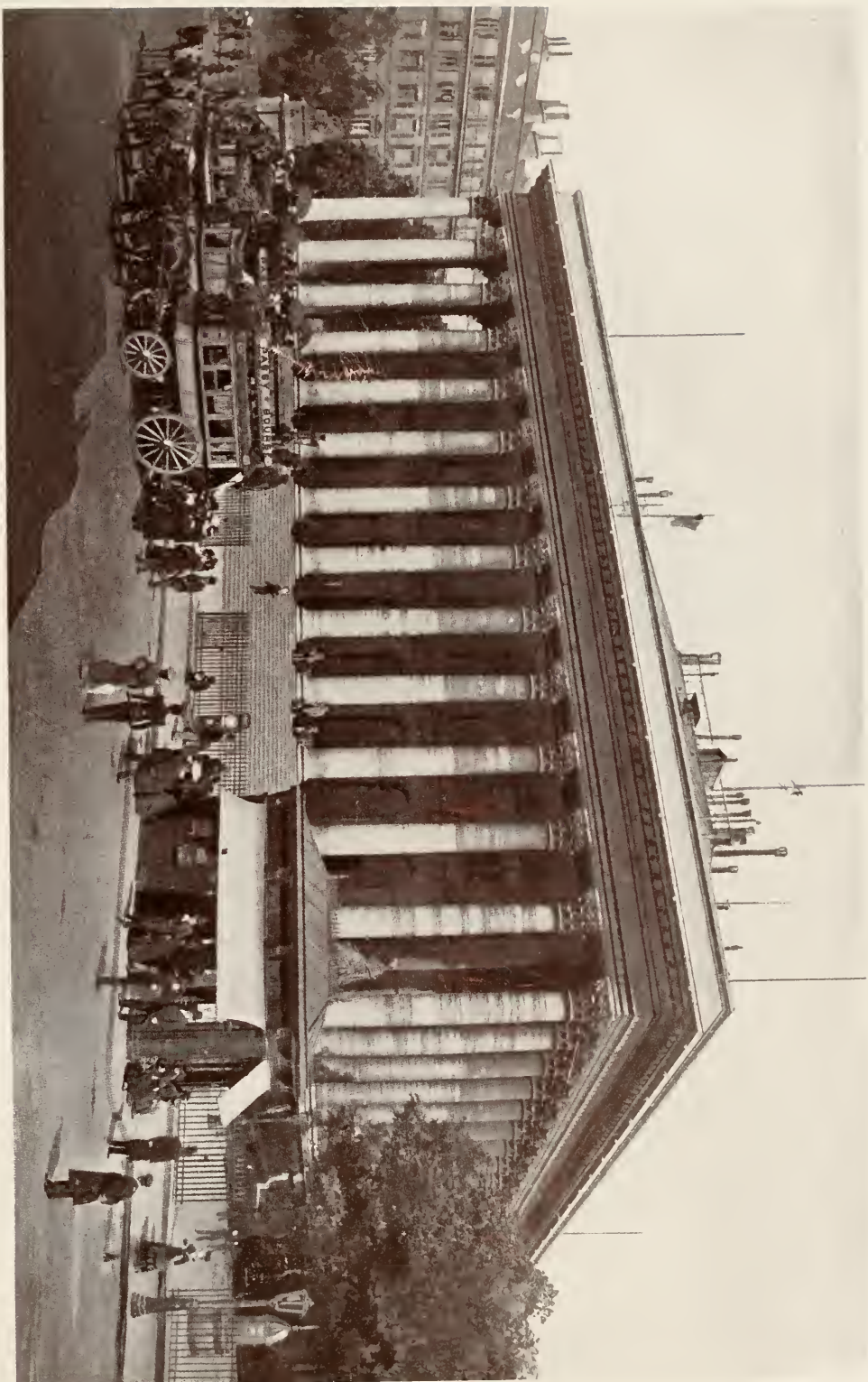
FREDERICK P. McGLYNN, Asst. Cashier

HENRY S. BARTOW, Asst. Cashier

HENRY P. DAVISON, Chairman Executive Committee

Capital	-	-	-	\$1,000,000
Surplus	-	-	-	1,500,000
Undivided Profits	-			900,000





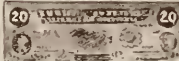
BOURSE, PARIS



THE NEW ENGLAND NATIONAL BANK of Kansas City, Missouri, confines itself strictly to commercial banking, believing that by so doing it can best safeguard the interests of its clientele. ¶ It has no interests to conserve, save those of its patrons. In its directorate are men who control some of the principal industries of Kansas City and the great Southwest. ¶ Its equipment for prompt, reliable and efficient service in all departments is first class.

Capital and Surplus, \$1,000,000.00
Deposits - - 11,000,000.00

New accounts invited



Introductory

AN examination of the monetary and banking systems of the world, brings into prominence the fact that in all the principal countries and in a great majority of the lesser ones, the paper money is issued almost exclusively by central banks, which also act as the depositaries or treasuries of the respective Governments, and each of them serves as the heart of the banking and credit organization.

While, as will be seen, there is a marked difference between the charter powers and methods of conducting business in the central institutions of the several countries, the general principles governing the systems are strikingly similar; showing conclusively that the world's experience has demonstrated the superiority of this plan of centralizing the paper-money issuing powers and the regulation of monetary affairs in general. In only a few instances of importance are Government notes made use of. In Germany and Italy a few other banks are still permitted to issue notes; in Scotland, Ireland and Canada there are a number of such banks without a central institution, but coöperating. In every case branches of the main banks provide for the distribution of the facilities to all parts of the several countries.

The Governments retain a greater or less degree of control over these banks; in Russia, Sweden and Bulgaria the institutions are actually owned by the Governments; in France, Germany and elsewhere generally, the banks are privately-owned stock corporations, but in numerous instances the principal officers are appointed by the Governments; in England, and in a few other countries, there is no direct official control, but the Governments exercise a supervision, and the banks are conducted in harmony with the governmental policies.

In all countries the banks receive and disburse the Government revenues, the public deposits being treated practically the same as other deposits in the banks are; thus the countries have their entire money supply always available for business purposes (loans and discounts), instead of having large amounts periodically locked up idle in the public treasuries, (as is the case in the United States), causing a contraction of the money-means. Since every million dollars of cash stands, under reserve provisions, for about eight millions of deposits (or loans), the importance of this feature to the business interests is apparent.

Central banks do not generally receive deposits of individuals or make loans to them; but they do such business for the other banks, holding reserves for them and furnishing them with cash by *re-discounting* their commercial paper, when needs arise. (Hence such an institution is frequently called a "bank of banks".) They also deal in bullion and foreign exchange, and exercise other minor functions.

Central banks are usually largely capitalized and carry substantial surpluses: these, with the other funds, give them very considerable primary financial strength, which they are permitted to increase by note-issues under varying regulations. Thus equipped with dominant financial power and the capacity to increase the local money-supply by issuing currency, they are able to determine the current, local discount (interest) rates. The rates fixed by them are those which they exact from the other banks in rediscounting.

The usual course pursued is for the other banks, when they have reached the limit of their loaning power, as indicated by their reserves, to resort to the central bank with some of their discounted negotiable paper, duly indorsed by them, and obtain the cash needed to enable them to continue lending. It is a general rule that such paper have not longer than 90 days to run. Thus when business is active and expanding, the central banks in most cases increase their note-issues to meet the additional demand for loans.

The discount rate is in general the indicator of the supply of money-means relative to the demand; yet it is to be borne in mind that local conditions affect the local rates; and each country may be said to have its own *normal* rate. For example Germany's rate is usually higher than that of England and France; Russia's is higher than Germany's. Bulgaria has a normal 7% rate, whereas that of Belgium is nearer 3½%; Bulgaria is far less developed, has less capital, and hence less banking facilities. It is also to be noted that the quoted rates of central banks are the *minimum* rates; they may exact more in special cases, and they frequently do so to restrict demands.

The note-issuing power, so important in this connection, is regulated substantially by the amount of coin (usually gold) in the bank; the rule and practice varies quite materially. When, then, a pressure of demands reduces the reserve ratio, (the proportion of coin to notes and deposits), more coin must be obtained and central banks endeavor to obtain it in the markets where the new gold from the mines is purchasable, or from each other, by raising discount rates. Gold usually flows from a place where rates are low to a point where it can earn relatively higher rates; *relatively* because of the difference in normal rates; thus the 6% rate at St. Petersburg will not necessarily bring gold from Paris where the 3% rate prevails; conditions are adjusted to the normal rates.

Discount rates at other banks, (known as "open market rates") are usually lower than those at the central bank; they are in competition for individual business. Yet the rates rise and fall, in general, with the central bank rates.

It is obvious that the great banks have, under their charters, important public duties to perform. They are the instrumentalities by means of which the Governments provide the people with tools of exchange and credit facilities. Profit-making is usually regarded as a secondary consideration. Yet the functions are in most cases so nicely adjusted, that shareholders receive satisfactory dividends.

In the following pages the varying systems are discussed; this enables a comparison to be made between them and with the unique system in use here; and there is finally presented an account of our former central bank, in order to recall that at one time our system was in practical harmony with the world's best.





The British Banking System

THE BANK OF ENGLAND

The Bank of England, while not the oldest bank, is the most ancient of the important issue-banks of the world. It is a privately owned stock corporation, first chartered July 27, 1694, upon lines devised by a Scotchman, William Paterson. The initial capital was £1,200,000 and that sum was loaned at 8% to the Royal Treasury, by Paterson and his associates, who were then authorized to issue circulating notes upon this "public debt." The note-issuing power, however, was not exclusive; other banks exercised this function also.

The Bank grew in importance with the development of the nation, although not without meeting reverses in the earlier years. Its capital was increased and its charter modified, as occasion required; thus by 1708 the capital stood at £4,400,000 and in 1711 it was authorized to issue notes beyond that sum. By 1816, when the gold standard was adopted, the capital had reached the present figure of £14,553,000. The increased capital was usually loaned to the Government, and the great needs of the country during the Napoleonic wars compelled the Government to permit the Bank to suspend specie payments from 1797 to 1821. Notes were at a discount during this period. Troubles also occurred in 1825, 1826, and 1837.

These disturbances led to the revisions of the paper currency laws of the Kingdom; the first (1829) was to prohibit the issue of notes under £5 in England; the second (1833) made the Bank's notes *legal tender* in England and Wales, (except as to payments by the Bank itself,) so long as they continued redeemable in gold; weekly statements also began at this time but were not published. Finally, in 1844, the other banks in England were prohibited from increasing their note-issues and the Bank's issue power was limited. The restriction is as follows: The Bank may have out notes based on public debt to the amount of £14,000,000, or about the extent of its capital; any issues in excess thereof must be covered by coin and

bullion; but it may increase its bond-secured notes from time to time to the extent of two-thirds of the amount of the notes of the other banks permanently retired.

The act of 1844 also required the separation of the note-issuing business of the Bank and its banking business: and a public weekly report of its condition was prescribed.

The bond-secured notes now amount to £18,450,000; so that the Bank has, since 1844, acquired the right to issue about £4,450,000, by means of the discontinuance of the issue of other banks; these latter have still about £500,000 of notes in use at this time. Thus the Bank of England notes issued otherwise have been gold certificates, there being no authority under the law to increase the amount of paper money except on deposit of coin or bullion. But the Government has, upon occasions of trouble, temporarily given the Bank the right to increase the issue beyond the limit (on its credit), in order to stay panics; in 1847, 1857 and 1866 the restriction of the bank act was thus suspended. Actually the power was used only in 1857; the mere authority served to allay distrust in the two other years.

The Bank acts as the Treasurer of the Government; it holds other (private) deposits as well, but rather limited in amount, except for *other banks*, which carry large reserve balances there; it deals in bullion and foreign exchange; and is compelled by the act of 1844 to pay £3. 17s. 9d per ounce for gold of the British standard (.916 $\frac{2}{3}$ fine) to anyone bringing it to its offices; it has the right to establish branches, but has, in fact, only eleven. Its loans are chiefly made by re-discounting for other banks.

The gold-purchasing function is important, since the money supply can be increased only by gaining gold. The absolute Mint price for the metal is £3 17s. 10 $\frac{1}{2}$ d. per oz., ordinarily expressed 77s. 10 $\frac{1}{2}$, and this price may be obtained by any seller of gold at the Mint if he be content to await his turn in the coining process. The



difference of 1½d. per oz. in the Bank price is the charge exacted for *immediate* payment. The Bank may, of course, pay more, and frequently does. Its price for gold is, in general, indicative of the status of the supply and demand in the world at large. British colonial possessions produce the greater part of the world's annual output of gold; this has contributed largely toward making London the primary market for the metal.

There is no legal reserve requirement for any of the banks. As the reserve depository for the other British banks, the Bank endeavors to maintain in gold and notes 40 per cent. of the deposit liabilities in the banking department; when the ratio falls below that figure it curtails loans by increasing the discount rate; this results in the payment of existing loans and the borrowing elsewhere, which tend to increase the coin in hand. Instead of raising rates the Bank may, if conditions favor, increase its price for gold, thus enabling it to secure the new supplies arriving in London, or drawing it from such other money centers as show a lower price for the metal. Sometimes both these devices for protecting its reserves are employed.

Upon the whole this seems a clumsy and expensive method of increasing the money supply; for it is obvious that the higher discount rates and the premium upon gold, must be paid by those who are at the time compelled to borrow; this operates as a tax upon trade and industry. Yet the British appear to be, in general, well satisfied with their system.

Below are given statements of the condition of the Bank on June 24, 1908, at which time its discount rate was 2½ per cent.; in the open market rates were below 1½ per cent.; the price of bar gold was 77s. 10½d. the oz. It will be seen that the report of the banking department is rather meagre in details.

ISSUE DEPARTMENT

Notes Issued	£56,301,515
Government Debt	£11,015,100
Other Securities	7,434,900
Gold Coin and Bullion	37,851,515
Total	£56,301,515

The ratio of gold to notes was thus fully 67 per cent. It is to be observed that as note issues increase the ratio of gold grows larger, since the additional issues are allowed only on gold, pound for pound. (The £ is \$4.86½.)

BANKING DEPARTMENT

Capital	£14,553,000
Surplus	3,167,653
Public Deposits	10,170,059
Other Deposits	46,167,208
Other Items	64,878
Total	£74,122,798
Government Securities	£15,237,531
Other Securities and Loans	30,023,299
Bank Notes	27,308,870
Gold and Silver Coin	1,553,098
Total	£74,122,798

The Bank's reserve thus stood at over 51 per cent.; this is reached by contrasting the notes and coin on hand with the total of the two classes of deposits. The size of the reserve ratio obviously determined the low discount rate; in fact, money was so plentiful, in the absence of active demand, that it was at the time regarded as certain that the Bank would soon reduce its rate to a point nearer the open market rate, which is practically regulated by the other banks.

The Bank is managed by a board of twenty-four directors, who, with the chief officer (governor) and his deputy (not directors), are all chosen by the shareholders. The capital stock is divided into £100 shares. The voting is not by shares; no shareholder has more than one vote, no matter how many shares he may hold; but no voting right accrues until the holder has five shares. The Government thus exercises only a very limited supervision over its affairs.

There is no further liability upon shareholders than the amount of their stock. Dividends have been paid uninterruptedly; prior to 1903 the rate was 10 per cent. for a period covering fourteen years; since then it has been 9 per cent. The shares are quoted at about 290.

The Bank pays no interest upon deposits; never permits an overdraft; never loans on real-estate security of any kind. It manages the pub-

lic debt for the Government (for a compensation), and buys and sells Government securities for its customers; it acts as the settling office for the London Clearing-House. It never reissues a note, no matter how clean and crisp it may be; and the notes are printed in its own shop in the head office in Threadneedle Street.

An important factor in the British banking system is the branch-bank feature. While the Bank itself has only eleven branches, the other banks in England and Wales, of which there are 68, have over 5,000 branches. This shows great concentration in recent years, for in 1896 there were still 144 individual banks; many of them have been merged.

THE OTHER BANKS

We must now consider the other banks, which in fact constitute the major part of the British system, of which the Bank is the central organ. There are two classes of reporting banks, the joint-stock (incorporated) and private; (there are, of course, many private bankers who do not report). Two of the private banks date from the 17th century; they are gradually being merged or incorporated, yet their resources at last report, early in 1908, amounted to over £32,000,000. In the following table the joint stock banks of the country are included with those of London.

Reports are published twice a year of all of these banks, and some furnish more frequent statements; only a very few, however, report the actual cash carried, usually including the sums held at bankers and often money "on call"; thus the true net reserve position is not given. In fact the cash reserves of the London joint-stock banks is known to be relatively small, which causes an added burden to the central bank.

Of the joint-stock banks' resources £179,000,000 are to be credited to the country banks, thus

leaving £603,800,000 for those of London and making the banking power of the city about £732,600,000 or approximately \$3,600,000,000. It is questionable if the London joint-stock and private banks have more than 5 per cent. of actual cash reserves; or, say, £27,000,000; the Bank had £30,746,000; it would thus appear that the cash held by all of the English banks was not greater than £62,000,000, or less than 9 per cent. upon the deposits reported.

It must be borne in mind that the use of checks is much more extensive in Great Britain than anywhere else in the world; hence *actual* currency (coin and notes) is not required in such large volume; the "deposit-currency" is, hence, the important feature, and adequate coin for reserves against the deposits is essential. Obviously the bulk of the business is done by the joint-stock banks, and owing to their inadequate protection, they fall back upon the Bank in periods of pressure for discounts. The result is that discount rates are not nearly as stable as they might be, were the system devised to provide larger reserves and greater flexibility to note-issues.

In the period from 1888 to 1907 the Bank's discount rate fluctuated between 2 and 7 per cent., the last-named rate having been compulsorily reached by the Bank during the panic of 1907, when the imperative demand for gold from New York caused a depletion of the Bank's reserves. This maximum rate had not been quoted since 1873, when similar disturbances in the United States affected London. During the twenty-year period named the changes in the rate numbered 115; in only one year, 1895, was there no change; the 2 per cent. rate then prevailing lasted from February, 1894, to September, 1896, the period of abundant banking means throughout the world, consequent upon the greatly diminished demands due to the depression in business following the panic of 1893. During the

BRITISH BANKING POWER, MAY, 1908 (IN THOUSANDS OF POUNDS)

	Bank of England	Other Joint Stock	Private	Total English	Scotch Irish, etc.	Total British
Capital, Surplus, etc.	17,836	85,558	4,156	107,550	30,193	137,743
Deposits	49,131	648,596	26,957	724,684	167,269	891,953
Net Circulation	29,514	353	75	29,942	14,060	44,002
Other Items	81	48,307	1,050	49,438	7,370	56,808
Totals	96,562	782,814	32,238	911,614	218,892	1,130,506

two years after the Baring failure (1890-91), the changes numbered 23; in 1893 there were 12 changes; in most of the years since 1888 there were 6 or more.

Clearly the discount rate responds to conditions reflected in the banking status; the supply of metal is generally not so large that a loss of \$10,000,000 can be sustained without creating a disturbance in the credit market. The point to be noted is, however, that the increase in rates constitutes a tax upon business and the instability of rates is very undesirable. If fluctuations could be limited, both as to range and frequency, the general welfare would be promoted. Serious critics in London have for years urged that the joint-stock bank reserves should be materially increased, as a partial remedy for the evil.

A concrete illustration of the operation of the Bank is afforded by the record made during the New York panic of 1907. Immediately preceding the crisis (about the middle of October), the Bank held over 49 per cent. of reserves, with \$169,000,000 of gold, and its discount rate was $4\frac{1}{2}$ per cent.; yet it was bidding for gold, having raised the price for the yellow metal to 77s. 10 $\frac{3}{4}$ d., or slightly above the Mint parity. By the end of the month, with its gold reduced by \$15,000,000, its reserve was slightly under 40 per cent., the discount rate advancing to $5\frac{1}{2}$ per cent., and the bid for gold was 78s. In the first week of November \$14,000,000 more gold left the Bank, and the reserve fell to nearly 35 per cent., which was followed by a double rise in the discount rate, first to 6 per cent., then to 7 per cent.; the price of gold was raised to 78s. $\frac{1}{2}$ d.

This latter move brought gold from Germany, and thus, despite some shipments to New York, the reserve was increased by \$15,000,000. In the following week, by means of friendly negotiations, gold was obtained from France, but the demand continued and the \$16,000,000 thus added and \$6,000,000 of the previous stock went out of the Bank. The price for gold fell off a little, but discounts remained at 7 per cent. Up to this time the Bank had not decreased its loans; indeed, from October 17 to November 7, these had grown \$42,000,000, but clearly subject to higher rates imposed.

Pressure from New York compelled the main-

tenance of higher rates both for discounts and for gold for the remainder of November and the greater part of December, forcing Germany to give up more of its yellow metal; on December 12 the Bank's gold stood at \$166,000,000; loans were reduced some \$23,000,000; the reserve reached 47 per cent. In the following fortnight another \$17,000,000 of gold was lost to New York; loans expanded by \$13,000,000, leaving the reserve at 40 per cent. But New York was by this time satisfied; the price of gold was reduced to 77s. 10d.

In Europe banks are required to make special arrangements at the end of the year to provide for the annual settlements; they hence expand loans and deposits very largely, and in some instances note-issues as well. In England the last-named course is not usually followed. With an increase of \$9,000,000 in gold in the last week of December, and the demand upon it abating, the Bank reduced its discount rate to 6 per cent., swelled its loans by \$39,000,000, and deposits even more, bringing the reserve to less than 36 per cent. The price for gold stood at 77s. 9 $\frac{1}{2}$ d. (its own parity) and the Bank was getting all the new metal coming to the market.

During the week of January 9 the gold stock was back to \$169,000,000, the extraordinary loans were repaid, deposits fell \$48,000,000, and the reserve ratio rose to 48 per cent. Still out of abundant precaution the discount rate was not reduced, although gold bars were quoted below the Bank's par. In the following two weeks the gold gain continued and the discount rate was reduced first to 5 per cent. and then to 4 per cent., for the reserves were placed at considerably above 50 per cent.

London had shipped about \$100,000,000 of gold to New York; it recouped itself by drawing half the amount from Berlin, obtaining \$16,000,000 from Paris, and about \$34,000,000 in the open market. While New York paid a heavy premium for gold (probably something more than 3 per cent.) the British needs were not supplied without a relatively higher interest charge, owing to the pressure upon the Bank; this was unquestionably chargeable to the fact that the expansion of money and credit is possible only through the acquisition of gold. During a period of financial disturbance gold is in universal demand, and

therefore more costly; hence a system resting exclusively upon gold and providing inadequately for reserves, is more expensive to the people.

It was suggested, during the 1907 crisis, that the Government again come to the Bank's relief, by suspending the restriction upon the note-issue, permitting an expansion by means of credit paper money. But this step was not taken, probably because the open market rate for money (at the other banks), continued considerably below the Bank's rate; on December 12, for example, it was $5\frac{7}{8}$ per cent. or $1\frac{1}{8}$ per cent. below the "official" quotation; indicating that, in the absence of reserve restraints, the joint-stock banks were expanding local credits sufficiently to meet demands.

It is certain that this most recent experience of the operation of the system, under special pressure, was far from satisfactory to the most enlightened practical bankers in England; they have publicly voiced the opinions that there is need for improvement, particularly to obviate the disturbances resulting from the operations of the heterogeneous system of the United States.

Other British Banking Interests

In addition to the Scotch and Irish banks, discussed below, British influence is extensively employed in banks in the colonies and dependencies of the empire: India and other Far Eastern points, South Africa, Australasia, Canada and minor possessions in America. The systems vary to render them adaptable to the conditions in each case.

The colonial banks which are conducted largely by means of British capital are specifically referred to elsewhere. It is here proper to say that reports of thirty-one of these, with about 2,200 branches, show £37,570,000 of capital and £357,306,000 of resources. There are also banks under British control operating largely in foreign countries; seventeen of these show capital about £12,000,000 and assets fully £125,000,000, the greater part being employed in South America.

The ramifications of these banks and their branches bring about a very important increase of power to British banking resources and hence profits, aiding her foreign and colonial trade enormously.

SCOTLAND

has a unique system with ten banks of issue, of which the *Bank of Scotland*, chartered in 1695, is the chief one. The note-issues are regulated by a law of 1845, practically as in England; a fixed amount (£2,676,350) may be issued upon securities; any excess must be backed by coin. Notes may be of denominations as low as £1. Actually, however, the greater part of business is carried on by means of bank credits (checks), which system is more highly developed, so far as the general population is concerned, than elsewhere.

The banks are all private corporations; their capital aggregates £9,241,000. There are nearly 1,200 branches, by means of which every community, no matter how small, is within easy reach of banking facilities, and the Scotch people are served as well as human ingenuity can devise. An important feature is that the notes are not redeemable at the branches.

The margin of note-issues is rarely exhausted and the discount rates, only slightly affected by the fluctuations in London, are quite steady at 4 per cent.

The condition of the banks early in 1908 was as follows:

Capital and Surplus	£18,230,000
Notes	7,410,000
Deposits and Current Accounts	108,723,000
Acceptances	4,623,000
Other Items	2,065,000

Total	£141,051,000
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Cash in Hand, at Banks, etc.	£26,973,000
Investments	31,953,000
Discounts	15,970,000
Advances	57,053,000
Other Items	9,102,000

The cash in hand amounted to about £5,400,000. The Bank of Scotland had fully one-sixth of the aggregate resources. The reserves are manifestly not large in ratio, but it is to be remembered that Scotland is not exposed to international demands for money.



BANK OF IRELAND, COLLEGE GREEN, DUBLIN, IRELAND

IRELAND

Here, too, a similar system prevails, six banks issuing paper money, the chief one being the *Bank of Ireland*, chartered in 1783. They are private corporations, and their note-issuing powers are regulated by the law of 1845. They may issue £6,354,494 of notes (as low as £1), upon securities; any excess must be covered by coin. The check system is less prevalent than in other parts of the United Kingdom. Notes are redeemable at the branches.

There are also three other banks of discount and the aggregate returns of all of them show as follows, early in 1908:

Capital and Surplus	£11,779,000
Deposits and Current Accounts	57,486,000
Notes	6,582,000
Other Items	678,000

Total	£76,525,000
Cash on Hand, at Banks, etc.	£11,528,000
Investments	19,665,000
Discounts	6,178,000
Advances	38,047,000
Other Items	1,107,000

The non-issue banks have about £12,000,000 of the resources; the Bank of Ireland has fully one-fourth of the aggregate. The actual cash held by issue-banks was about £3,600,000, showing a low ratio of cash reserves, and that one-half of the notes are credit issues; but the law affords a large margin of expansion. The nine banks have more than 600 branches.

Balance sheet of the *Bank of Ireland* for June 30, 1908:

Capital	£2,769,230
Rest (Surplus)	1,034,000
Undivided Profits	179,133
Notes in Circulation	2,594,548
Public Deposits	2,915,312
Deposits and Current Accounts	11,084,738
Total	£20,576,961

Cash on hand and at Bank of Eng- land	£1,593,389
Cash at Call	1,276,215
Loans and Discounts	9,549,795
Securities	8,041,490
Real Estate, etc.	116,072



THE REICHSBANK, BERLIN
The Imperial Bank of the German Empire

The German Banking System

THE IMPERIAL BANK OF GERMANY

(DIE REICHSBANK)

The Imperial Bank of Germany was established soon after the unification of the Empire and the adoption of the gold standard: it was designed with the purpose of assisting Germany's industrial and commercial development. Its charter dates from March 14, 1875: it was, however, the natural successor of the old Bank of Prussia, which had been in existence since 1765. It actually began business January 1, 1876. Each of the confederated states then had its own banks, with note-issuing powers, and it was provided that as these surrendered their rights of emission they accrued to the central institution. Of thirty-three local banks only four continue at this time to issue notes, one in each of the following named states: Baden, Bavaria, Saxony, Wurtemberg.

The Imperial Bank is a privately-owned stock corporation: the management is arranged as follows: a board of curators of Government officials, with the Imperial Chancellor as Chairman, exercises general supervision: a board of directors, (including the President,) appointed by the Emperor, for life, have the immediate direction of the business, in co-operation with a committee chosen by the shareholders. This scheme of management makes it practically a Government institution. Shareholders' representatives have no voice in its policy.

The charter is now given for ten-year periods; it expires again in 1911. The Government reserves the right to acquire all the shares at "book-value" at the end of any period, in lieu of renewing the charter.

The capital of the bank is 180,000,000 marks, divided into 1,000-mark and 3,000-mark shares: it was increased from the original sum of 120,000,000 marks, to 150,000,000 marks in 1901, and to the present sum in 1904.

The note-issuing power is regulated in a unique manner: all the (5) banks are permitted to issue notes upon credit to the total amount of about nine marks per capita of population, which sum was last fixed at 541,600,000 marks; in addition they may issue to the amount of gold, silver, treasury notes and other bank notes held; furthermore notes may be issued upon

credit to any amount called for by business, subject to payment of 5% tax to the Government, calculated weekly. The amount of the untaxed credit notes allotted to the Imperial Bank is 472,829,000 marks, or say \$112,500,000. Thus if the Bank has 1,500,000,000 marks of notes in circulation, and its coin and other notes in reserve amount to 939,000,000 marks; it will have 561,000,000 marks of credit notes, of which 88,171,000 marks would be subject to the tax. Of course *all* notes not covered by cash must be covered with commercial paper having not more than ninety days to run: and at least one-third of the "cover" must be in cash.

In theory the tax rate influences the discount rate: for there would obviously be no profit in loaning money (notes) at $4\frac{1}{2}\%$, and paying a tax upon the notes of 5%. Yet the Bank, as a public duty, frequently issues taxed notes when its discount charge is less than the tax rate, in order to accommodate business demands.

The occasions for the emission of taxed notes come usually in the fall, for crop-moving, and at the end of the year, when annual settlements are made.

Prior to 1895 there were only 16 weeks in which taxed notes were used: subsequently, owing to the expansion of business, the use was much more frequent: thus in 1898 for 16 weeks and in 1899 and 1900 for 20 weeks each: since then the occasions have again been less until the panic period of 1907. The maximum over-issue was 626,000,000 marks at the end of December 1907.

The system obviously provides for greater flexibility than that of England, but not as freely as that of France.

The bank notes are not legal tender, but are accepted everywhere in the Empire: they are now issued in denomination of 100 and 1,000 marks only.

A comparative statement of the Bank's condition, to illustrate its business, follows, being the average weekly condition for 1896 and the actual condition on February 17, 1908:



OPEN DEPOSIT ROOM



IMPERIAL BANK OF GERMANY

(IN MARKS, EQUAL TO 23.8 CENTS)

Resources:	1896	1908	Liabilities:	1896	1908
Coin and Bullion*	891,988,000	928,219,000	Capital	120,000,000	180,000,000
Treasury Notes	22,235,000	74,089,000	Surplus	30,000,000	64,814,000
Notes of Other Banks	11,083,000	28,749,000	Circulation	1,083,497,000	1,359,292,000
Loans and Discounts	752,333,000	1,039,188,000	Deposits	484,259,000	531,471,000
Securities	6,959,000	38,433,000	Other Items	17,060,000	83,188,000
Other Items	50,218,000	110,087,000	Totals	1,734,816,000	2,218,765,000
Fixed sum of untaxed credit notes permitted				293,400,000	472,829,000
Margin of untaxed notes				135,209,000	144,574,000

* Partly silver, as explained below.

(To estimate amount of untaxed notes deduct from amount of circulation the totals of coin, bullion and other notes, then find the difference between the result and the fixed amount of credit notes given above.)

The Treasury notes referred to are irredeemable Government issues based upon a gold "war-chest" fund held in the fortress at Spandau; they amount to only 120,000,000 marks. They are legal tender for all purposes.

The taxing feature provides elasticity to the volume of money, since there is no limit within, reasonable demand, that cannot be supplied at the price of the tax; and the tax operates to limit demand and to cause contraction when proper needs have been met. To illustrate: in the statement for the 7th of February, the amount of the *taxed* notes shows 54,000,000 marks, so that the contraction in the ten days intervening (to the date of the statement for February 17, 1908, given above) amounted to about 198,000,000 marks. From December 11, 1907, to the end of that month, the expansion had been 431,000,000 marks; during the month of January following, the reduction of taxed notes amounted to 588,000,000 marks (say \$140,000,000). This is clearly a large range of expansion and contraction.

The use of checks in Germany, while greater than in France, is far less general than in Great Britain and the United States. (A recent law designed to extend their use is about to be put into operation.) For this reason the Bank is *par*

excellence a currency-issuing institution. Its deposits aside from those of the Government and other banks are not very large.

The details of the reports of the Bank are not very full; thus, Government deposits are not given separately.

The Bank is permitted to carry in its cash a substantial amount of silver coin, but it reports the sum only at the end of each year. At the end of 1905 it had 207,000,000 marks out of a total of 703,500,000 marks; at the end of 1907 the silver was 206,600,000 marks and the total coin 704,000,000. This shows about 26 per cent. silver in the reserves, a circumstance not generally given full weight in the discussions of the Bank's condition. Treasury notes and notes of the four other banks are also available for reserve.

The Bank has its principal office in Berlin; branches and agencies exist in every section of the empire; in all there are about four hundred and eighty places of business, at some of which, however, only certain specific lines are transacted. For example, notes are not redeemable at branches unless these have the requisite cash on hand to spare.

Dividends may be paid to shareholders up to $3\frac{1}{2}$ per cent.; out of any further divisible profits shareholders may have one-fourth, the Government taking three-fourths. Thus in 1905 there were divided 25,406,000 marks, of which the shareholders received 11,076,600 marks, giving them a little more than 6 per cent. In 1906

they received 8.2 per cent., in 1907 nearly 9.9 per cent. There are nearly 19,000 shareholders, giving an average holding of less than 10,000 marks each.

An extensive and most useful branch of the business of the Bank is the free transfers of funds for its customers, from place to place in the Empire, largely by means of book-credits; domestic exchange, in other words. The sum handled on this account in 1907 was over 130,000,000,000 marks; this shows an increase of 100 per cent. in the eight years ending with that year. Of the gross business ("turnover") of that year, reported as having been 299,000,000,000 marks, the transfers for the public, counted upon both sides of the ledgers, obviously constituted over 80 per cent. of the total.

The most interesting question turns upon the discount rate, and the influence thereupon of the unique paper currency system. In general the charge is higher in Germany than in either England or France, and the fluctuations are much more numerous than in France, though not nearly as frequent as in England. In the twenty-year period, from 1888 to 1907, the rate

ranged between 3 and 7½ per cent., the latter being the maximum in its record, made during the panic of 1907. There were sixty-nine changes in the period; in only two of the years was there only one change, the average number being over three annually. The annual average rate fluctuated between 3.12 and 6.03 per cent., and the mean rate for the double decade was 4.06 per cent. In twelve of the years the rate reached or exceeded 5 per cent., the tax limit. Taxed notes were issued in each of these twelve years, but also in the remaining eight when rates were lower.

The average rate for 1907 compared with other chief centers is given as follows: Berlin, 6.03 per cent.; London, 4.92 per cent.; Paris, 3.46 per cent.; Brussels, 4.94 per cent.; Amsterdam, 5.10 per cent.

The Bank reports its condition, briefly, four times each month (not weekly). Reviewing the periodical statements for the dates antecedent to the panic of 1907 and subsequent thereto, we shall have a pertinent illustration of the manner in which the system operates. In the table presented the statistics are given in *millions of dollars*:

		Note Issue	Deposits	RESERVES*			Reserve Ratio†	Discount Rate	Taxed Notes
				Gold	Other Cash	Loans			
1907, Oct.	9	407	128	129	72	343	37.6%	5½%	94
	15	380	138	133	79	321	40.9%	5½%	56
	23	366	143	141	82	309	43.8%	5½%	31
	31	385	131	130	73	338	39.3%	6½%	69
Nov.	8	372	134	122	78	330	39.5%	7½%	60
	15	357	131	123	79	319	41.4%	7½%	42
	23	343	129	124	80	310	43.2%	7½%	26
	30	360	116	113	72	330	39.7%	7½%	62
Dec.	7	349	113	114	73	315	40.5%	7½%	48
	14	351	129	117	75	320	40.5%	7½%	46
	23	373	134	120	76	341	38.6%	7½%	64
	31	449	157	118	69	442	30.9%	7½%	149
1908, Jan.	7	408	125	132	72	351	39.0%	7½%	87
	15	366	136	146	80	302	45.1%	6½%	28
	23	341	136	163	81	271	51.1%	6%	none

* Gold is estimated in part.

† Reserves of all cash against notes and deposits.

The reserve ratio is calculated upon the basis of all cash against the notes outstanding and deposits; were the ratio based upon gold alone, it would obviously be much smaller at each period, since the Bank held \$40,000,000 to \$47,000,000 of silver continually, and this coin has only a limited legal tender power. The Treas-

ury notes and notes of other banks held in the reserves, approximately \$30,000,000 in amount, were not to be reckoned quite equal to gold.

The increase in the discount rate to the highest point in the Bank's record was obviously due to its serious loss of gold; while it became possible at the high price offered for money, to recoup

somewhat from Russia and other points on the continent, the drain to London for New York continued so long, that the falling of reserves could not be checked. In all, Germany furnished \$50,000,000 of its own and the otherwise acquired gold, to satisfy the New York demand, *via* the British center.

The statements indicate that discounts were materially checked, at a period, too, when they were probably needed; almost at the climax of the movement of gold outward, the amount of taxed notes outstanding reached the minimum for the period (November 23). In practical operation, under this severe test, the taxed-note feature clearly failed to provide means for relief; money at $7\frac{1}{2}$ per cent. at the Bank and at 7 per cent. in the open market, did not in that week bring into use the expansion of notes. It is probable that the pressing needs for discounts were largely satisfied by other banks.

The usual annual settlement period was, however, met in the customary manner; the reserve was permitted to decline below 31 per cent., and the untaxed notes were largely increased; loans expanded more than \$100,000,000 during that last week of the year, even at the high rate. Within a fortnight thereafter the reserve was speedily replenished and the discount rate began to fall; the taxed notes were retired and there was a margin of \$15,000,000 of free notes issuable, with reserves at 51 per cent., on January 23. Still appreciating its weakness the Bank held rates high to attract gold, for some time thereafter.

The experiences of this period made manifest that the system is not perfect in operation. Germany requires ample banking facilities and these should be supplied in a manner which obviates such disturbances, generated by the defective system in the United States. A commission was therefore appointed by the Government to consider the subject and recommend such changes as might be deemed advisable. No report has, as yet, been published of the action of this body, which began its sessions in May, 1908.

The data given indicate insufficient reserves for a central bank in one of the chief commercial centers of the world. It is probable that this defect could be remedied by providing means to gather more of the gold in the country into re-

serves; for Germany has the largest estimated amount of gold in actual use by the people, partly because no notes are issued below 100 marks. The present inactivity in money should also enable the Bank to acquire a large part of the world's new product. Upon the other hand, it is open to question whether the Bank could succeed in holding the metal, under its present system, upon occasions when imperious demands arise. Yet the French Bank did so.

As an additional protection to its gold, the Bank makes it a special feature of its business to carry a considerable amount in foreign bills of exchange, which can manifestly be used to remit in case of demands, say from London; and the purchase of these bills is so arranged that the maturity dates are graduated, from one to six weeks, for example. In times of ordinary demands this is very useful; but under great pressure for actual gold, this substitute will not suffice; a postponement of the remittance of actual metal, in such circumstances, merely compels the advance of discount rates (or the price offered for the gold) at the point of demand.

It has been suggested that the increase in the margin of untaxed notes would be an improvement. There is some merit in this recommendation, but it must be borne in mind that the reserves would have to be increased proportionately. It should be recorded that at its organization the untaxed notes allowed amounted to 272,720,000 marks; in 1890 the sum was 288,025,000; in 1900 it was still only 293,400,000 marks; in 1901 a material increase was permitted, which soon reached the present fixed sum of 472,829,000 marks. The increase in population since the opening of the century has been considerable; and since the allowance is based upon population, it is not likely that there would be much opposition to the increase of the untaxed notes by 100,000,000 marks at this time.

It is proper to note that Germany has experienced an enormous expansion of bank credits, not unlike that which took place in the United States. Her expanding commerce and industries have been served in a fairly satisfactory manner, not the least of the advantages gained through the establishment of the Bank being the *uniformity* and lower general range of discount

rates throughout the empire. But in this age of intense competition and diminution of the profit margins, it is imperative that the FLUCTUATIONS be also kept within more reasonable range. Rates which would appear moderate in the United States could not be borne, in the long run, by Germany's industries, operating as they are, upon a lower profit-margin basis. Hence the $7\frac{1}{2}$ per cent. rate, which lasted over two months at the end of 1907, was a most serious handicap.

In the discussion of the taxed-credit-note system of bank issues, that of Germany has been the example most prominently before us. The merits of her *fixed* rate have been brought into contrast with a proposed *graduated* charge. The theory is that when an expansion of notes is requisite by reason of normal business needs, the tax should be moderate to the end that industry be not burdened too heavily; but that the tax should be increased to induce a contraction of note-issues when the demands have lessened. Such an increase could be regulated either in accordance with the amount of notes issuable, or in the measure of the time during which notes are permitted to be used, progressing weekly or monthly.

Such a provision would probably be desirable where the banks themselves determine the volume of emissions; but where, as in Germany, the Government, through its officials, controls the volume, it is questionable if the graduated plan would prove more advantageous.

THE OTHER BANKS

The other banks in the Empire, which are quite numerous and include several very im-

portant ones, report for the end of 1907 a large volume of means and business. Their capital is over \$620,000,000, and the aggregate resources amount to \$2,800,000,000. Five of the institutions carry nearly one-half these resources, the *Deutsche Bank* heading the list with \$445,000,000. These banks carry the large deposit accounts; they rely for rediscounts upon the Imperial Bank and have very considerable sums on deposit with it as part of their reserves; they report about \$200,000,000 of cash in hand *and at banks and bankers*. Even if the major part of this sum is cash, the reserves are obviously not large.

Included in the above statement are those of the four other issue banks; they have 72,000,000 marks of capital and issue about 148,000,000 marks of notes; they had 81,000,000 marks of cash on hand; deposit liabilities are placed at 66,000,000 marks. They are authorized to issue 68,771,000 marks of notes on credit untaxed, paying 5 per cent. on any excess issue over this sum and the cash on hand.

These returns indicate a banking power of commercial banks of about 14,000,000,000 marks, or approximately \$3,300,000,000, or less for the entire country than that of the city of London alone.

Germany provides by means of separate institutions for mortgage loans. Seven of these report over 3,400,000,000 marks of assets. One of them dates from 1835. For small borrowers, chiefly agricultural, another class of institutions exists.

The balance sheet of the *Deutsche Bank* for the end of 1907 follows in marks:

Capital	200,000,000	Cash	86,228,077
Surplus Funds	100,000,000	Due from Banks	56,959,955
Deposits	476,104,010	Securities, Coupons, etc.	95,001,501
Current Accounts	788,301,712	Bills Discounted	786,395,205
Acceptances	263,537,867	Advances and Current Accounts	686,852,320
Other Items	43,788,265	Syndicate Interests	135,000,078
Total	1,871,731,854	Other Items	25,294,718

It will be observed that the cash holdings are not very large.

For the rapidly developing foreign business

banks have been established to operate in Asia, in Brazil, in Chile and other parts of South America. Their assets are fully 450,000,000 marks.

The French Banking System

THE BANK OF FRANCE

(LA BANQUE DE FRANCE)

The great French banking institution dates from 1800, although its powers respecting note-issues were not important until made so by the law of 1803: Napoleon I. receives the credit for its creation. The charter at first ran to 1818, then to 1843, then renewed in 1867, and finally in 1897. The capital originally 30,000,000 francs was increased from time to time, reaching the present figure 182,500,000 francs in 1857; shares are 1,000 francs each. Not until 1848 did the actual monopoly of note-issuing center in the Bank; and it was necessary in order to acquire this power, to purchase a number of other banks which had ancient privileges to emit paper money.

The stock of the Bank is all in private hands, but the Government appoints the chief official and his immediate assistants: the direction is entrusted to a "general council" of seventeen and three "censors," chosen by the shareholders; but the chief official (governor) has the power to veto the council's acts.

Having in mind that France has changed its form of government many times since the establishment of the Bank, the fact that it continues to exist, more useful and powerful than ever, is a tribute to the wisdom of its founders and managers. When after the fall of the

second Empire the communists controlled Paris, the Bank continued doing business although it was compelled to suspend coin payments of its notes.

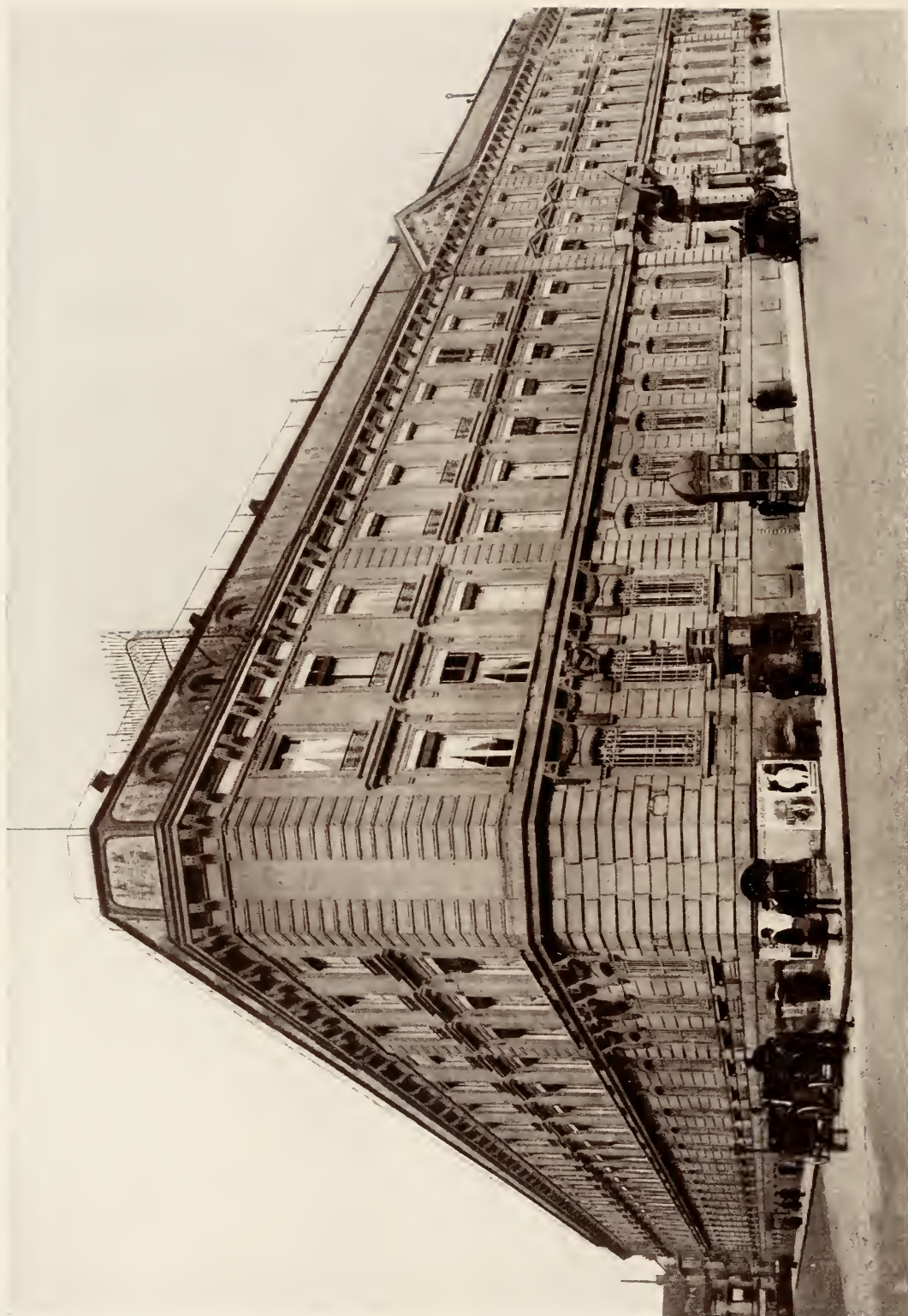
The provisions of law governing note-issues include no specific restrictions as to reserves; the maximum amount of notes issuable is fixed by law and has been increased as business needs developed; the original law prescribes that the notes "shall be so proportioned to the reserve cash in the vaults of the Bank and with such regard for the maturing of negotiable paper held by the Bank, that the Bank can at no time be exposed to danger of delaying payment of its obligations when presented." But it is to be said that France is a bi-metallic country; since the law of 1803 both gold and silver five-franc pieces, are full legal tender: hence the Bank may redeem its notes in either class of coin. The notes are a legal tender.

The discount of notes and bills is limited to paper containing at least three names, and in general having not to exceed ninety days to run: in fact the bulk of the business consists of re-discounts for other banks.

Following are comparative statements of the condition of the Bank in July 1896 and in January 1908, showing a marked growth in operations:

BANK OF FRANCE—(IN FRANCS EQUAL TO 19.3 CTS.)

Resources	1896	1908
Gold	2,050,000,000	2,676,200,000
Silver	1,248,200,000	917,500,000
Loans and Discounts	1,177,200,000	2,345,500,000
Securities	212,600,000	212,600,000
Other Items	68,900,000	198,000,000
Totals,	4,756,900,000	6,349,800,000
Liabilities	1896	1908
Capital	182,500,000	182,500,000
Surplus	42,500,000	42,500,000
Circulation	3,615,900,000	5,066,900,000
Government Deposits	203,800,000	246,100,000
Other Deposits	619,400,000	581,100,000
Other Items	92,800,000	230,700,000



BANK OF FRANCE, PARIS
LA BANQUE DE FRANCE

The ratio of gold to notes, in 1896, was fully 56.7 per cent.; in 1908, being immediately after the drain for New York had been experienced, and note-issues had reached the maximum, it was under 53 per cent.; soon after the opening of 1908 the ratio rose to nearly 60 per cent. It is worth noting that the silver holdings were materially lower in 1908 than in 1896.

A glance over these statements illustrates the difference in character between the French and the British systems; note-issuing for rediscounts is the chief function of the Bank of France; to that end expansion of circulation is freely permitted, yet the coin in reserve is kept large in proportion. It is true that deposits in other banks are more important than those in the central institution; but in the aggregate they are far less than those in Great Britain.

The maximum of notes issuable is now 5,800,000,000 francs, a much larger amount of paper currency than is permitted anywhere else; but since the use of checks in France is exceedingly limited, more actual money is requisite. For example, the per capita supply is \$41, against about \$17 in Great Britain. In other words, France uses very little "deposit money."

The Bank generally does not find it necessary to curtail discounts to maintain its reserve, since it may issue notes so extensively to accomplish the purpose. For that reason the discount rate has been kept low and remarkably steady. Moreover, in order to protect its gold reserve the Bank may refuse to pay gold upon notes; it may tender silver and exact a premium for gold demanded on notes.

To show how largely distributed the discount operations of the Bank are, the fact may be cited that in one year over 19,000,000 pieces of paper were discounted and rediscounted, nearly half of which consisted of paper of 100 francs or under; and some were as low as 5 to 10 francs each (say \$1 and \$2). The average period of maturity of the paper was twenty-three days. There is nothing in financial history to compare with this in the way of public service; and when in addition it is borne in mind that rates for discounts are usually lower than in other countries, the extent of the benefit to the people of France may be appreciated.

The marked difference between the constitution, operation and condition of the Bank of France and of that of England, obviously contributes largely to the *stability* of the discount rate. It has seldom happened in recent years that the rate had to be raised to protect reserves. Thus, in the period of twenty years (1888 to 1907) there have been only sixteen changes in the rate; in twelve of the years there was no change, and there was no change whatsoever from May, 1900, to March, 1907. During the twenty years, furthermore, the rate rose above 3 per cent. only during three periods of special pressure: in 1888, when it reached $4\frac{1}{2}$ per cent., in 1899, when it reached the same maximum, and in 1907, when 4 per cent. was reached. This is a record without a parallel.

The rate fell below 3 per cent. on a number of occasions: in 1888 it was at $2\frac{1}{2}$ per cent. for a short period; again at the same figure from 1892 to 1895, falling then to 2 per cent., at which it was quoted until 1898, during the period of world-wide depression in business. Since the latter year it never went below 3 per cent. This stability is obviously another great benefit to the people of France. Even during periods of disturbance elsewhere, the aberration has been either absent or relatively insignificant.

There is in Paris also an "open market" rate for loans, almost always slightly lower than the official Bank rate. There is a Bank rate for loans upon collateral which, it is noteworthy, is slightly higher than the ordinary rate.

It is to the credit of the management that consideration for the general welfare is the chief motive in the conduct of the business; nor is this consideration confined solely to French affairs; for, appreciating that undue disturbances elsewhere would ultimately react upon her own people, the Bank is also conservative in its international relations. Upon three occasions has it helped out the London money market when in distress, letting it have gold from its reserves.

With such a stock of metal and the legal power to control the same, it follows that the Bank is sufficiently strong to dominate the foreign exchanges, at times even against London. It has frequently shifted a demand for gold coming from New York, by altering the price of the

"Paris-London cheque." The par of exchange upon the British capital is 25.22½ francs, *i.e.*, the exact amount required to equal the £. By depressing the rate sufficiently to cover the cost of transfer of the metal and leave a margin for profit, it brings about a flow to Paris.

The Bank reports its condition weekly; the head office is in Paris and it operates through 423 branches and agencies. Notes are now issued only in denominations of 50 francs and upward; but there are still some of the smaller notes, formerly permitted, unredeemed. The Bank pays a very small tax to the Government, regulated

according to the amount of the "productive" circulation, *i.e.*, the notes not covered by gold and silver; in amount this tax is about 7,000,000 francs annually. Dividends have risen from 13 per cent. in 1905 and prior years to 17½ per cent. for 1907. There are over 29,000 shareholders, so that the average holdings are less than 7 shares.

In the following table the operations of the Bank prior to, during and immediately after, the panic of 1907 are presented to illustrate the facility with which it adapts itself to conditions. The amounts are expressed in *millions of dollars*; the reserve is calculated upon *notes and deposits*:

		Note-issue	Deposits	Discounts	Gold	Silver	Gold Reserve	Discount Rate
1907, Oct.	3	948	136	358	535	185	49.3%	3½%
	10	942	130	328	534	182	49.8%	3½%
	17	943	137	335	534	181	49.4%	3½%
	24	932	139	322	537	181	50.1%	3½%
	31	965	155	385	538	181	48.0%	3½%
Nov.	7	959	142	350	531	180	48.3%	3½%
	14	943	150	355	522	180	47.9%	4%
	21	930	148	339	523	180	48.5%	4%
	28	930	174	359	521	180	47.4%	4%
Dec.	5	947	142	355	520	179	47.8%	4%
	12	928	136	339	519	179	49.0%	4%
	19	928	144	348	520	179	48.6%	4%
	26	927	144	346	519	179	48.5%	4%
1908, Jan.	2	968	155	416	516	176	45.9%	4%
	9	962	130	377	515	176	47.1%	3½%
	16	963	117	361	515	176	47.7%	3½%
	23	943	125	345	518	176	48.5%	3%

The Bank anticipated disturbances and had, earlier in the year, placed its rate slightly above the 3 per cent. which had ruled for seven years previous. The panic came in New York on October 21. In the last week of that month the Bank increased its discounts \$63,000,000, in part by expanding note-issues, in part by the increase in deposits. It was early in November that the advance of \$16,000,000 in gold was made to the British market, and on the 14th of that month the Bank was constrained to raise the rate to 4 per cent., in view of the falling reserve ratio.

It appears as if the management regarded 48 per cent. the line of apprehension respecting gold reserves; this is very high against both notes and deposits, yet the policy doubtless serves a useful purpose in restraining the tendency to over ex-

pansion of credits. Actually the reserve position is much stronger than is shown, since the silver in the Bank is also available for the purpose.

Financing the end of the year needs of the country for settlements, led to an expansion of discounts by \$70,000,000 in the last week of 1907, of which fully \$41,000,000 was accomplished by means of notes. The reserve ratio fell below 46 per cent., but the Bank can always count upon a speedy repayment of loans after New Year's Day; and so by the 9th of January, deposit liabilities declining, the rate was reduced to 3½ per cent. and fell to the normal point two weeks later, when the reserve was 48.5 per cent.

The noteworthy feature is that the two expansion operations mentioned were effected without

an increase of specie; indeed, the end of the year operation was carried through with a declining coin balance, both gold and silver having fallen off \$3,000,000 each during the operation. Nor was the discount rate altered in the periods. The provision for elasticity of note-issues is clearly entitled to credit for this facility. It is also to be noted that note-issues contract as soon as needs abate; thus, there is no vicious piling up of means by which the discount rate is inordinately depressed, stimulating speculation, as is the case in the United States; in fact, as before stated, speculative loans are charged a higher rate by the Bank than the ordinary mercantile borrowings.

The deposit business of the Bank is not large, relatively; and, as the statement shows, public moneys constitute a very substantial part of the amount held. Yet any one may open a deposit account, not less than 500 francs in amount; but the Bank pays no interest and therefore the bulk of the business goes to other institutions.

OTHER BANKS

Of these latter no complete official returns are available; yet the reports lacking are those of minor institutions, so that the figures which we have fairly represent the banking power outside the great savings banks. The capital of the reporting commercial banks is given at 930,000,000 francs, their total resources at 6,865,000,000 francs; against this there is cash on hand *and at the Bank*, only about 402,000,000 francs; a rather slender reserve, but for the constantly available power to rediscount paper at the Bank. To show the concentration, it is to be remarked that three great institutions, the *Credit Lyonnais*, the *Société Générale* and the *Comptoir National d'Escompte*, have fully 4,900,000,000 francs of the aggregate resources. These have about 1,200 branches and agencies, some of them abroad.

For mortgage loans France provides one great institution, which has nearly 4,600,000,000 francs in assets, the *Credit Foncier*.

French Colonial Banks

In her growing colonial possessions France has established banks modeled upon the lines of the great Bank.

ALGERIA has a substantial institution, established in 1851, with 25,000,000 francs of capital, which does a large business in Northern Africa

generally. Its condition, given in francs, is as follows:

Capital and Surplus	44,079,000
Notes	142,428,000
Government Accounts	108,079,000
Deposits and Current Accounts	56,560,000
Due to Branches	378,012,000
Other Items	5,725,000
Total	734,883,000
Cash	44,020,000
Securities	31,860,000
Loans and Discounts	182,778,000
Current accounts	47,813,000
Due from Branches	382,672,000
Other Items	45,740,000

This shows a small ratio of cash against notes.

In TUNIS there is a bank created in 1906 with 1,000,000 francs capital and 9,000,000 resources; but the branch of the Bank of Algiers does a larger business.

MOROCCO has a French bank, with capital paid up of 7,700,000 francs, and resources 23,580,000, established in 1907. It issues no notes.

For INDO-CHINA a bank was organized in 1875 which has 9,000,000 francs of paid-up capital and carries resources of over 200,000,000 francs, of which cash in hand *and at banks* 35,300,000. It operates throughout the Orient, where its notes, amounting to nearly 53,000,000 francs, circulate quite freely, side by side with those of other banks.

REUNION, a small island east of Africa, has a similar bank since 1851; with 3,000,000 francs of capital, its aggregate means reach nearly 18,000,000; it uses over 11,000,000 francs of notes, against which it has 3,800,000 cash.

For the other African possessions there is a bank with home office in Paris, capitalized at 1,500,000 francs, total resources about 14,000,000. It uses over 6,000,000 francs of notes in Senegal, Dahomey, Guinea, etc. Cash in hand is in excess of 5,000,000 francs.

French interests also extend banking facilities to foreign countries; thus the Imperial Ottoman Bank (mentioned elsewhere) is partly owned by French; and there are several in South America, the most important of which is in Argentina, capitalized at 60,000,000 francs gold and having resources of over 200,000,000 francs gold.



THE AUSTRO-HUNGARIAN BANK, BUDA-PEST
Oesterreichisch-Ungarische Bank



Austria-Hungary's System

THE AUSTRO-HUNGARIAN BANK

(OESTERREICHISCH-UNGARISCHE BANK)

The Austro-Hungarian Bank became the successor, in 1878, of the Austrian National Bank, founded in 1816. Its special importance dates from the monetary reform of the Empire in 1892, under which the gold standard was adopted, provision made for the retirement of Government notes, and the paper currency, long depreciated, restored to parity. The money unit was then changed from the florin (or gulden) of 48.2 cts. to the krone (crown) of 20.26 cts. It took some years to complete the reform, and there was hence a slight premium on gold up to a few years ago. The services of the Bank were indispensable to the consummation of this reform. Its charter runs to 1910.

Its capital is 210,000,000 kr. and its resources aggregate 2,800,000,000 (or say, \$567,000,000); nearly 2,000,000,000 kr. are held against note-issues, the deposits being relatively small. The capital is privately owned, but the emperor appoints the Bank's governor; the two deputies and half the directors are also Government appointees, Austria naming part of them, Hungary the other part. In addition there is close governmental inspection. Branches exceed 250 in number, being located at every important place in the Empire. The head offices are in Vienna and Buda-Pest.

The note-issuing function is now similar to that of the Imperial Bank of Germany; notes

may be issued in excess of gold reserves to the amount of 470,000,000 kr., and beyond that sum subject to a 5 per cent. tax. The gold reserve must be not less than 40 per cent.; commercial paper and securities cover the rest. Thus, if gold in hand amounts to 400,000,000 kr., notes may be emitted to 1,000,000,000 kr., of which 600,000,000 kr. upon credit, but 130,000,000 thereof must pay the tax. This provides for elasticity; and the fact that the tax is usually paid during crop-moving periods shows wherein the plan is useful. The notes are legal tender and are not yet absolutely redeemable in gold. More than half the issue is in 50, 20 and 10 kr.

The Bank rediscounts for other banks freely; but none of the paper may run for more than three months. Rates for money are fairly steady, ranging in a series of years from $3\frac{1}{2}$ to 5 per cent.; during our panic they rose to 6 per cent. But the regard for the general welfare is shown by the fact that the rates are often under 5 per cent. even when the Bank has taxed notes outstanding; thus the tax is not always a charge upon business. In eighteen years taxed notes were issued fifty-five times, in amounts ranging between 45,000 kr. and 90,000,000 kr.

The Bank is authorized to loan upon mortgages to a limited amount. A balance-sheet for December 31, 1907, follows, in kronen:

Capital and Surplus	225,305,349	Coin and Bullion	1,380,878,620
Notes	2,028,024,110	Gold Abroad	60,000,000
Due Abroad	177,316,676	Discounts	748,068,094
Mortgage Bonds	292,671,800	Mortgages	299,993,894
Deposits and Current Accounts	91,383,971	Advances on Securities	125,340,400
Other Liabilities	31,290,269	Government Loan	60,000,000
Total	2,845,992,175	Other Assets	171,711,167

About 280,000,000 kr. of the coin consists of silver, which has only a limited legal-tender power. The ratio of gold to notes was hence considerably in excess of 50 per cent.

The Government shares in the profits of the Bank, receiving one-half the excess over a 4 per cent. dividend, until shareholders have 6

per cent.; then two-thirds of any further excess; but 10 per cent. of the profits must go to surplus before the second division. Dividends have recently increased from about $4\frac{1}{2}$ to $7\frac{1}{2}$ per cent.

Only part of the other discount banks' reports are available; these show capital 430,000,000 kr. and resources 3,850,000,000 kr.



THE STATE (IMPERIAL) BANK OF RUSSIA, ST. PETERSBURG
ГОСУДАРСТВЕННЫЙ БАНК

Russia's System

THE STATE (IMPERIAL) BANK OF RUSSIA

(GOSUDARSTWENNYJ BANK)

The Bank of Russia, established 1860, is owned by the Empire, and is operated as part of its finance department. The capital is 50,000,000 rubles, say \$25,750,000. The gold standard was adopted in 1897 with a ruble of 51.5 cts., in place of the former nominal valuation of 77.2 cts. Actually under the old silver standard the paper currency was for many years depreciated. By means of large bond-issues the Government accumulated a vast hoard of gold which enabled the Bank to carry through the reform, and also to finance the Empire in its war with Japan. It operates through about 100 branches, the head office being in St. Petersburg.

While the Bank is thus a State institution, the note-issuing function is regulated by law founded upon currency-banking principles. (For Finland notes are issued by another bank.) The normal limit of note-issues is 300,000,000 rubles in ex-

cess of the gold on hand; but in the course of financing the recent enormous outlays, gold held in foreign banks has also been included as base for notes. While the fixed limit would appear to preclude a large measure of elasticity, the foreign balances actually help out very materially to increase notes in case of need. The notes are legal tender.

From the accompanying statement of condition, it will be seen that the deposit accounts are relatively larger than in most of the other central banks; but rediscounts are quite extensive. Discount rates range higher than in the other chief centers; covering a period of years the range has been from $4\frac{1}{2}$ to 8 per cent.; in the panic period in the fall of 1907 the rate rose to $7\frac{1}{2}$ per cent., to restrain exports of gold to Germany. The following statement of condition, in rubles, is for March, 1908:

Capital and Surplus	55,000,000	Specie on Hand and Abroad	1,209,243,772
Notes	1,160,000,000	Notes on Hand	77,512,496
Government Account	233,132,114	Discounts	219,378,576
Deposits and Current Accounts	416,112,126	Advances on Securities, etc.	261,345,698
Accounts of Branches	354,107,619	Investments	96,376,023
Other Liabilities	33,812,678	Accounts of Branches	331,653,070
Total	2,252,164,537	Other Assets	56,654,902

Of the specie, reports indicate that the Bank held very nearly 1,000,000,000 rubles in gold and 75,000,000 rubles in silver in its vaults; a very strong reserve position.

Other reporting banks show about 1,800,000,000 rubles of resources. One of these is specially

designed for the promotion of foreign trade, and one particularly for the business with China. Aside from these, special mortgage banks exist, one class for the nobility and one class for the peasants.

FINLAND

FINLAND has its own monetary system, the mark equal to the franc being the unit; hence 20 markka are worth $7\frac{1}{2}$ rubles. It has a central bank, established in 1811, owned by the Government, capital 25,000,000 markka; note-issues are limited to 35,000,000 mk. in excess of gold in hand and due from abroad, the amount in hand not to fall below 20,000,000 mk. The Bank's statement at the end

of March, 1908, shows 194,000,000 mk. of resources.

Notes amounted to 96,296,000 mk. and coin on hand to 24,971,000 mk., with over 50,000,000 due from abroad. This showed a large margin for expansion.

Discount rates are fairly steady, although high, ranging from 5 to $6\frac{1}{2}$ per cent. Other banks report resources about 550,000,000 markka.



THE BANK OF JAPAN, TOKYO
Nippon Ginko



PUBLIC OFFICE, BANK OF JAPAN

Japan's System

THE BANK OF JAPAN

(NIPPON GINKO)

When Japan emerged from her isolation, and adopted some of the business methods of the western world, the monetary and banking system of the United States was used as a model for her own. The monetary unit, the *yen*, was almost exactly equal to the dollar; the Government issued notes directly, and also through national banks upon deposit of bond-security (1872). An experience of ten years sufficed to demonstrate the great defects in such a paper-money system, and, always prompt to adopt corrective measures, the central bank system was substituted in 1882. Since that date the Bank of Japan alone may issue paper currency.

The purpose of the reform was to provide a greater measure of elasticity to the currency, hence to the facilities afforded the people; and the consequent reduction in the discount rates, which were pressing upon commerce and industry. The Bank also aided very materially in the consummation of the change to the gold standard in 1897-8; and was unquestionably an indispensable instrumentality in the financing of the war with Russia.

The Bank's capital is 30,000,000 yen (the yen

is now 49.8 cts.); the Government took a part thereof; it appoints the chief officers and selects the directors from among nominees of the shareholders; it has the power of vetoing such acts of directors as may be regarded detrimental to the interests of the nation.

The Bank acts as treasurer of the Government and handles its financial operations; it is the rediscount bank for all other financial institutions; it is especially charged with the regulation of the discount rate, and exercises an influence upon the foreign exchanges. It may issue notes as follows: *a.* to any amount upon coin in bank (silver not to be more than one-fourth); *b.* 120,000,000 yen upon securities or commercial paper discounted; *c.* to a further, unlimited amount, subject to a tax of at least 5 per cent. per annum.

Thus the currency feature is similar to that of Germany's great bank; it permits a very liberal expansion, which proves useful, not only to business in general, but to the Government, in case of emergency. The following table indicates how the demands have been met, amounts being in yen:

Year	Gold on Hand*	Notes Out	Loans, etc.	Deposits
1897	96,900,000	226,200,000	135,200,000	78,100,000
1900	65,300,000	228,600,000	146,000,000	35,300,000
1903	116,900,000	232,900,000	94,500,000	16,400,000
1906	147,200,000	341,700,000	137,600,000	401,500,000
1907	161,700,000	370,000,000	157,900,000	471,000,000

*The silver held was unimportant in amount.

It will be observed that after allowing for the credit-note issue of 120,000,000 yen, the amount of taxed notes has not been large at the dates given; but during certain seasons each year there are substantial increases. The general result has been a lowering of discount rates, which would unquestionably have been more marked but for the financial disturbances consequent upon the war with Russia and the enormous borrowing which that struggle entailed upon the

nation. As it is, the rates have been reduced fully 25 per cent.; the 12 per cent. charge is no longer normal in ordinary times, and a 4½ per cent. rate has occurred upon occasions in recent years. The fluctuations, which are more serious than is desirable, are generally outside the trade centers and traceable to special causes. In the centers 6 per cent. money is, in normal times, quite frequent.

The coin reserve of the Bank, measured against notes, has been fairly well maintained; in 1900, and again in 1904, it fell below 30 per cent.; but it has been above 40 per cent. in the more recent years and the latest report shows upward of 50 per cent.

The detailed statement of the "cover" behind the notes on Dec. 31, 1907, is given thus:

Capital	30,000,000
Surplus	21,500,000
Notes Issued	369,984,000
Government Deposits	247,248,000
Deposits and Accounts	224,048,000
Other Liabilities	30,665,000
Total	923,445,000

The Bank pays 12 per cent. in dividends and adds to its surplus every year. The head office of the Bank is in Tokio; it has branches in eight commercial centers, exclusive of Yokohama.

OTHER BANKS

Comprehensive statistics of other banks are furnished by the Government; thus 1,665 ordinary commercial banks show 278,000,000 yen capital, and 951,000,000 deposits upon a "turn over" of about 13,000,000,000 yen. There is a special mortgage bank, 47 agricultural and industrial, and 2 colonials, with an aggregate capital of 56,000,000 yen; there are also 519 savings banks (beside the Government system).

The *Yokohama Specie Bank (Shokin Ginko)* was created in 1880 specially for the development of the foreign trade. Its capital has been increased, from time to time, from 3,000,000 yen to 24,000,000. It has proved enormously useful, in co-operation with the central bank, in its special field. It has branches in the principal ports of Japan and the rest of the world. It does a general banking business, and in addition issues notes payable in silver coin in Japan's newly acquired territory in Manchuria; its foreign exchange business is very large.

At the end of 1907 it reported its condition, in yen, as follows:

Gold Coin	29,098,000 yen
Gold Bullion	132,644,000 "
Government Obligations	117,919,000 "
Other Securities	23,333,000 "
Commercial Bills	66,990,000 "
Total	369,984,000 "

The balance sheet, including the above, for the same date, follows, in yen:

Coin and Bullion	172,312,000
Foreign Accounts	276,788,000
Due from Banks and Agencies	205,338,000
Loans and Discounts	178,528,000
Government Bonds	79,995,000
Other Resources	10,484,000
Total	923,445,000

Capital and Surplus	38,600,000
Notes (in Manchuria)	6,071,000
Deposits	125,505,000
Bills Payable	128,203,000
Cash	27,071,000
Investments	16,531,000
Loans and Discounts	106,633,000
Bills Receivable	146,757,000

Total resources exceed 300,000,000 yen.

This bank also pays 12 per cent. dividends after setting aside a substantial part of profits annually for surplus.

Japan's banking system, by reason of its specialization of functions into the several classes, with a strong Government central bank as the chief organ, has proved eminently successful. The aggregate resources of the banks have increased fourfold in the past decade; the ordinary banks particularly have flourished in a marked degree, as the following comparison shows:

	1897	1907
Number of Banks	1,281	1,665
	Yen	Yen
Capital Paid Up	161,442,000	277,772,000
Surplus	19,465,000	78,478,000
Deposits	235,507,000	951,713,000

The Canadian System

Although the Dominion of Canada issues Government legal-tender notes, the amount thereof is limited and well secured by coin; bank-notes constitute by far the greater part of the circulating medium; in fact the bulk of the Dominion notes is held in the reserves of the banks. There are now thirty-two institutions of issue (three having recently been placed in liquidation); they operate through 1,800 branches, reaching every hamlet in the country. The Government exercises a careful and efficient supervision over the system and the banks co-operate; so that, although there have been occasional *suspensions* of banks, the common interest prevented losses to creditors, and notes have always been fully redeemed.

The present bank act dates from 1891; it permits the banks to issue notes to the full amount of the capital paid up, solely upon their credit, with no prescribed coin reserves; there is, however, a proviso that 40 per cent. of the reserves which they do hold shall be in Dominion notes; and the notes are a first lien upon the assets of the banks. They are, furthermore, required to maintain with the Government a guaranty fund equal to 5 per cent. of their issues. This fund is to be used by the Government to redeem notes of a failing bank, to be replenished pro rata by the other banks, and is afterward reimbursed from the sums recovered from the assets. Notes of failed banks bear 6 per cent. from suspension until provision is made for full payment.

Bank-notes may not be issued for less than \$5 and only for multiples of \$5. (The unit is the same as that of the United States, whose gold coin as well as British, is legal tender.) Severe penalties are imposed for excessive issues of notes. Numerous redemption centers are established by the Government, where notes must be redeemed on demand, subject to penalty of insolvency proceedings. Upon demand of the holder banks must pay up to \$100 in Dominion notes (of \$1, \$2 or \$4) upon any of their liabilities. Loans upon, or purchases of, bank stock or mortgages are prohibited, except that mortgages may be taken for pre-existing debts.

No bank may be established with less than \$500,000 capital. Shareholders are liable to an amount equal to the par of their shares. Monthly reports of condition, in very specific form, are required, including the item of loans to directors or to firms in which directors are partners.

Perhaps nowhere except in Scotland, where a similar system prevails, is the function of currency banking so well performed as in Canada; the demands for money vary seasonally, determined largely by the crops; and the volume of notes and of credits increases and decreases in almost absolute harmony with the growth or abatement of demands. Hence, the discount rate shows very narrow fluctuations and is, in general, relatively low; nor is there a marked difference between the rate at the centers and that prevailing at remote points of the wide territory of the Dominion.

Elasticity of note-volume is brought about largely by the compulsory redemption feature, which prompts each bank to send notes of the others for redemption at once, when the demands for currency slacken, or when it has its own notes available for use. Obviously each institution profits more through the use of its own notes than from the use of those of other banks. But it is also a fact that when the period of lessening demand sets in, the banks voluntarily retire their notes as they come in.

Covering a series of years the discount rate has fluctuated between $4\frac{1}{2}$ per cent. and 6 per cent., the lower rate named having prevailed steadily during a period when the facilities had become fully equal to the needs. The recent temporary upward turn, again to the high point, was due largely to the rapid industrial and commercial development with which the increase in facilities did not keep pace. The capital of the banks is the chief determining factor, and there appears to have been need for an enlargement thereof. The growth in this item since 1890, when it was \$60,000,000, has been as follows: 1895, \$62,000,000; 1900, \$65,200,000; 1905, \$83,400,000; 1908, \$93,000,000.



BANK OF MONTREAL
Montreal, Canada

During the panic in the United States in 1907, there was very considerable need for additional means, which the banks failed to meet fully, and the Government was constrained to emit an additional supply of Dominion notes—an extraordinary proceeding. This incident caused some discussion of the merits of the system and it has been amended so that the note-issue limit will be extended to reach 115 per cent. of the capital and the surplus, during the period of greatest demand, from September to January. It is a question if this was needed; the fact is set forth that at no time has the maximum note-

issue reached the amount of the capital; in the fall of 1907 the greatest amount of notes out was about \$4,000,000 less than the capital. Moreover, it is suggested by Canadians that the banks would have been able to serve the public better had they loaned less of their means abroad, meaning chiefly loans in New York *at call*; the amount of "call loans" elsewhere than in Canada in September, 1907, was over \$63,-000,000; in November the sum was still in excess of \$41,000,000.

The following statement shows the condition of the banks on June 30, 1908:

Capital Paid Up	\$96,049,000*
Surplus	71,655,000
Notes	68,154,000
Deposits on Demand	226,671,000
Deposits at Notice	399,286,000
Government Deposits	19,609,000
Due to Banks and Branches	26,323,000
Other Items	6,701,000
Excess Assets	11,570,000
Totals	\$926,018,000

Specie	\$23,888,000
Dominion Notes	50,804,000
Five Per Cent. Fund	4,044,000
Bank Notes and Checks	27,431,000
Loans, Ordinary	571,627,000
Loans on Call	93,907,000
Securities	72,267,000
Due from Banks and Branches	54,085,000
Other Items	27,965,000

* Including \$3,000,000 of one bank in liquidation.

It is noteworthy that time deposits are very much larger than other deposits; also that the reserves are only about 10 per cent. upon *all* deposits and notes, but upward of 24 per cent. upon *demand* deposits and notes.

To illustrate the fluctuation of note-issues by years at end of months, the following table is presented, figures indicating millions of dollars:

Year	Maximum	Minimum	Range
1898	42	35	7
1899	50	37	13
1900	53	41	12
1901	58	45	13
1902	66	49	17
1903	70	55	15
1904	72	57	15
1905	77	58	19
1906	86	62	24
1907	84	68	16

This only partially reflects the movement, however; the following figures show the changes in a period of eighteen months giving highest amount and amount at end of month:

Month 1907	Highest	End	Month 1907	Highest	End
January	77	68	October	86	84
February	73	71	November	89	84
March	77	76	December 1908	86	78
April	78	73	January	77	67
May	76	71	February	70	69
June	76	76	March	71	69
July	78	73	April	72	68
August	78	77	May	70	68
September	81	79	June	70	68

The *Bank of Montreal*, established 1817, is the oldest and the chief one of the institutions, having a capital of \$14,400,000 and a surplus of \$11,000,000; its total resources exceed \$177,000,000; thus with slightly more than 15 per cent. of the capital of all the banks, it has nearly 20 per cent. of the aggregate resources. It has 125 branches, including three in the United States, one in Mexico, one in London. It has for many years limited its dividends to 10 per cent. Its circulation is correspondingly large, and it carries by far the largest part of the Dominion's public funds, being the Government depository in chief, and its financial agent.



BANK OF ITALY, ROME

Banca D'Italia

Italy

(BANCA D'ITALIA)

Italy has the credit of having established the first banks in Europe, that of Venice in 1156 and that of Genoa in 1345. The monetary system passed through many vicissitudes even after the consolidation of the numerous petty states into the present kingdom. The Government still issues about 430,000,000 lire of legal tender notes. The system is bi-metallic, the unit lira, equal to 19.3 cts. The Bank of Italy is since 1893 the central organ of note-issues, although the Bank of Naples (est. 1539) and that of Sicily, still exercise their ancient issue functions; they are, however, relatively small. The chief bank has a subscribed capital of 240,000,000 lire, but only 180,000,000 thereof paid in.

The Banks are privately owned, but the Government exercises supervision over all three, but by means of direct appointments of the chief officers only in the two smaller ones.

After the reorganization of 1893 the paper currency continued at a discount for some time; banks are still permitted to redeem their notes in gold *at the current rate in the market*; occasionally unfavorable exchanges cause a slight premium on gold.

Note-issues are regulated as follows:

The maximum ordinary issue is limited to about thrice the capital of the banks, against which there must be held 40 per cent. of coin, three-fourths of which must be gold. The notes not covered by coin are subject to a tax, the rate

of which is one-fifth of the average discount rate, not, however, to exceed 1 per cent. Further issues are permitted on actual coin received and issues on credit may be made subject to a tax graduated according to the amount of over-issues (not covered by coin), the rate varying from two-thirds of the discount charge up to twice the charge. Thus the amount of the issues is regulated by the charges made to borrowers, and naturally this restrains borrowing also, since the tax is necessarily added to the charge. Yet this provides amply for expansion in case of need. Thus the chief bank, having 1,000,000,000 lire in coin, could lawfully issue, subject to tax, 2,500,000,000 lire; but part thereof would be taxed fully 10 per cent. Actually the issue would be about 1,400,000,000 lire, whereof 770,000,000 fully covered by coin and 630,000,000 (the fixed sum) covered to 40⁰/₁₀₀; only 378,000,000 lire taxed at lowest rates. In 1907 the maximum of higher taxed notes amounted to less than 49,000,000 lire.

There may also be an issue for the Government's use, on which only $\frac{1}{3}$ coin reserve need be held.

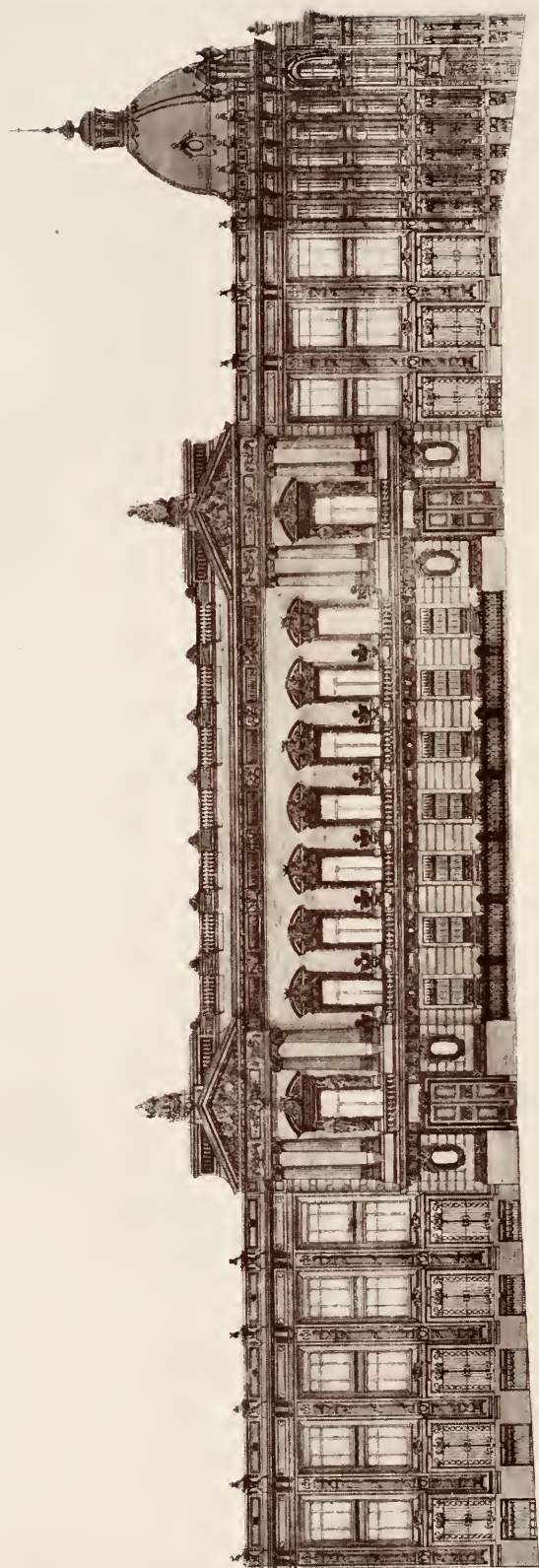
Discount rates are normally about 5 per cent.; the panic conditions in 1907 increased the rate to only 5 $\frac{1}{2}$ per cent. Obviously the rate was maintained fairly steady by the system employed.

Following is a statement of the Bank of Italy for the end of 1907, in lire:

Capital and Surplus	226,700,000	Gold	896,300,000
Notes	1,411,600,000	Silver and other Cash	135,200,000
Public Deposits	175,600,000	Loans	618,900,000
Other Deposits	212,300,000	Securities	145,900,000
Other Liabilities	45,100,000	Current Accounts	64,300,000
Total	2,071,300,000	Other Resources	210,700,000

It appears that 153,000,000 lire of the coin held belonged to the Government. The two other banks had 440,000,000 lire of notes out, and 252,000,000 lire of coin; total means 761,000,000 lire. Thus with 1,851,600,000

lire of notes the banks held 1,121,700,000 of gold and 150,600,000 of silver; a coin ratio of nearly 69 per cent., which should preclude depreciation of notes. Other commercial banks reporting show 1,600,000,000 lire of resources.



BANK OF BELGIUM, BRUSSELS
Banque Nationale De Belgique

Belgium

(BANQUE NATIONALE DE BELGIQUE)

This populous and thriving little kingdom, largely French in language, has the French monetary system (bi-metallic) and a National Bank similar in its constitution to its great neighbor in Paris. It was in 1850 that the present institution took the place of a multiple issue-bank system, which had produced currency difficulties. In 1900 the charter was extended to 1929. The Bank is privately owned, but the Government appoints the chief officers and thus supervises the business. It carries the Government funds and serves the fiscal department freely whenever required. Its notes are legal tender so long as they are redeemed in coin.

The head office is in Brussels, and there is a branch at Antwerp; thirty-nine agencies afford facilities at every point of the kingdom.

Its capital is 50,000,000 francs and the resources aggregate about 1,000,000,000 francs, the greater part of which is held against notes in circulation, deposits being relatively small.

Capital and Surplus	84,968,110
Notes	798,167,760
Current Accounts	93,614,248
Government Account	8,044,375
Other Liabilities	16,995,617
Total	1,001,790,110

The silver coin held frequently rises to 30,000,000 francs. The ratio of coin to notes was less than 17 per cent. at the date of the statement; the note-issues were, however, as usual on the last day of the year, very large. In May, 1908, the notes stood at 727,000,000 francs; gold, 125,000,000; silver, 31,000,000; thus giving the much better coin ratio of over 21 per cent. to notes.

Yet the ratio of *gold* holdings is that which attracts attention; at the last-named date it was only a trifle above 17 per cent., which is lower than that of any prominent central bank. Dependence is placed upon the gold subject to its call in Paris and London, arising from the large commercial credits which the Bank has at those points, and upon the fact that two-thirds of the notes are

The charter requirement contemplates that the coin in reserve shall equal one-third of the notes and other demand obligations, but the Government reserves the right to suspend this regulation if the Bank has an abundance of bills of exchange commanding immediate gold or a sufficient foreign gold account. The suspension of the requirement is quite generally exercised, for the coin reserve is usually considerably below the ratio fixed; yet the notes are at parity, for the Bank is strong in means for speedy liquidation. This credit enables it to furnish ample currency through rediscounts. Notes in actual circulation, in excess of 275,000,000 francs, are subject to a tax of $\frac{1}{2}$ per cent. In addition the Government takes one-fourth of the net profits in excess of a 4 per cent. dividend and all receipts from discounts in excess of $3\frac{1}{2}$ per cent., thus endeavoring to regulate the interest rate.

The following balance-sheet is for the end of 1907, in francs of 19.3 cts. each:

Coin and Bullion	133,261,800
Discounts	684,681,787
Advances on Securities	61,716,731
Investments	92,955,434
Other Resources	20,174,358
Total	1,001,790,110

of small denominations, 20, 50 and 100 francs. The currency system would thus seem less secure, so far as specific reserves go, than those of most of the leading nations; and this is, in a measure, reflected in the fluctuation of the discount rate; the range has been from $3\frac{1}{2}$ to 6 per cent., the latter rate having been made in the recent panic period. The usual rate is, however, about $3\frac{1}{2}$ per cent.

After paying the Government about 12,500,000 francs, 8,300,000 francs remained for dividends of 16.6 per cent. in 1907.

Other commercial banks do a very extensive business; the resources of those whose reports are available aggregating fully 1,800,000,000 francs. There are, also, several important private banking-houses, not reporting.



BANK OF SPAIN, MADRID
Banco De España

Spain

(BANCO DE ESPAÑA)

The Bank of Spain has the exclusive power of issuing notes in that kingdom. It dates from 1849, although it was not granted the monopoly until 1874. It is a private corporation capitalized at 150,000,000 pesetas (equal to francs), say \$28,950,000. While the shareholders choose a council which appoints the directors, the governor and the two deputy governors are appointed by the Government; the deputies are, however, chosen from a list of nominees selected by the council. Thus there is joint control.

The charter of 1874 was for thirty years and permitted note-issues to only five times the capital; but the needs of the Government, which had for many years a deficit in its revenues, brought about an enlargement of the issuing power in 1891 and in 1901; the latter due to the financial derangement consequent upon the war with the United States. The charter was renewed and extended to 1921, on condition that the Bank give further help to the Government; at first the note-issuing right was enlarged to ten times the capital, one-third of the issue to be covered by coin, half the coin to be gold. (Spain is, like France, bi-metallic, and its large silver coins are full legal tender.) The latest extension respecting notes fixes the maximum limit of issue at 2,000,000,000 pesetas, regulated as follows:

1,200,000,000 to have behind it one-third in coin, half thereof in gold, the balance to be covered by commercial paper and securities.

300,000,000 pesetas additional, fully covered by metal, 40 per cent. thereof in gold.

500,000,000 pesetas further, to be fully covered by metal, half thereof in gold.

Capital and Surplus	170,000,000
Notes	1,557,080,000
Deposits and Current Accounts	510,556,994
Treasury Accounts	149,864,131
Other Liabilities	384,025,206

The resources are thus over 2,700,000,000 pesetas; other banks reporting show about 500,000,000 pesetas; the central bank's dominance has been growing; it now has

Thus in case of the issue of the maximum sum the Bank would have to have against the notes 1,200,000,000 pesetas in coin, of which 570,000,000 in gold.

Actually the maximum has not nearly been reached; but a very considerable part of the "cover" for the notes other than coin is in the shape of Government obligations. Furthermore, the fact that so much of the coin reserve is in silver keeps the notes at a discount. Being full legal tender, the people are compelled to receive them, and suffer from the depreciation, which exhibits itself also in the foreign exchanges. The people practically pay in this way as much as would be necessary (or more) to cover deficiencies in revenue by additional taxes, and re-establishing parity to the currency. The Bank has, however, grown stronger, and the rate of the premium on gold has declined from 30 per cent. to about 15 per cent.

The suspension of specie payments and the power of expansion have enabled the Bank to maintain a fairly steady discount rate at $4\frac{1}{2}$ per cent.; there was no increase during the panic of 1907; the disturbance then was confined to the exchange rate.

In 1895 the Bank had out 987,000,000 pesetas in notes, holding 200,200,000 in gold and 256,350,000 silver; in 1908 the notes were 1,569,000,000 pesetas, gold 389,000,000 and silver 660,000,000. The latter gives a ratio of $66\frac{2}{3}$ of coin to notes, and over 24 per cent. of gold alone. At the end of 1907 the balance sheet showed, in pesetas of 19.3 cents each:

Cash and Balances Abroad	1,095,345,802
Government Bonds	344,468,953
Loans and Advances	1,152,042,578
Advances to Treasury	150,387,614
Other Assets	30,181,384

61 branches and agencies. Its shares stand at 440 per cent., dividends having exceeded 20 per cent. for some years. The head office is in Madrid.



BANK OF THE NETHERLANDS, AMSTERDAM
De Nederlandsche Bank



BANK OF AMSTERDAM, AMSTERDAM
Amsterdamsche Bank

The Netherlands

(DE NEDERLANDSCHE BANK)

The early commercial development of the Netherlands led to the use of banks as early as 1609, when the Amsterdam Bank was founded. Note-issuing, as now carried on, dates, however, from the establishment of the Netherlands Bank in 1814. Its monopoly as a currency bank was received in 1863; the latest renewal of charter was given in 1903 and runs to 1918. It is a privately owned and managed bank, but must divide profits with the Government after stockholders receive $3\frac{1}{2}$ per cent. dividends; yet the dividends have been from 8 to 13 per cent. in recent years. The Government exercises careful, yet mild, supervision over its affairs.

The country is bi-metallic, the unit (guilder or florin) being 40.2 cts.

Capital	20,000,000
Surplus	5,031,908
Notes	265,947,760
Current Accounts, etc.,	12,681,627
Total	303,661,295

About one-third of the coin and bullion consists of silver, which is full legal tender. Calculated upon its gold reserve alone, the ratio would be under the prescribed 40 per cent. Formerly, even as late as 1899, the silver in the Bank far exceeded the gold; there has thus been a material addition to the reserve strength.

Discount rates, while not usually high ($3\frac{1}{2}$ per cent. being a frequent rate), fluctuate considerably at times of pressure, having been as high as 6 per cent. in 1907, for which year the average rate was 5.1 per cent.; for 1905, on the other hand, the average was as low as $2\frac{3}{4}$ per cent. In 1907 the 6 per cent. rate occurred in April, was reduced to 5 per cent. later in the month and remained unchanged during the panic period. The gold reserve actually increased in the period.

Other reporting banks show 435,000,000 florins of resources; many important private banking concerns, not reporting, do business.

The head office of the Bank is at Amsterdam; it has a branch at Rotterdam and eighteen agencies. The Government uses the offices for the Treasury business.

The regulation governing note-issues is that the Bank must have in hand gold and silver equal to 40 per cent. of its notes and other demand liabilities (deposits, etc.). The expansion is thus dependent upon its other business; but this is generally small, the currency function being the chief one. Thus the reports usually show a considerable margin of power to issue notes and effect rediscounts for the other banking interests.

The condition of the Bank in March, 1908, showed, in florins, thus:

Coin and Bullion	146,058,314
Current Accounts	24,744,762
Loans and Discounts	121,071,728
Investments	8,977,704
Other Resources	2,808,787

Colonial Banks

For the DUTCH EAST INDIES the Bank of Java was established in 1828, as a currency and rediscount institution, operating upon much the same lines as the central bank in the mother country. With a capital of 6,000,000 florins, its note-issues run as high as 65,000,000 florins; total resources, 78,000,000. Coin held was nearly 31,000,000 florins, hence far in excess of the 40 per cent. requirement; deposits were only 4,500,000. It is located at Batavia and has fifteen branches and agencies.

Three other banks with Dutch charters do the deposit business; their resources show about 220,000,000 florins, upon about 61,000,000 capital. One of these dates from 1824.

In DUTCH GUIANA the Surinam Bank performs the same functions; it has 700,000 fl. capital, 3,800,000 resources, of which 962,000 coin against 1,324,000 notes in use.

The former Dutch (Boer) republics in South Africa had also been provided with a bank chartered in the Netherlands.



BANK OF SWEDEN, STOCKHOLM
Sveriges Riksbank



MAIN BANKING ROOM
Sveriges Riksbank

Scandinavian Union

The three States composing this union, formed in 1875, are Sweden, Norway and Denmark. The gold standard was then adopted, with the krone (crown), equal to 26.8 cts., as the unit. Each has a central bank of issue, the notes of which are legal tender.

SVERIGES RIKSBANK

SWEDEN'S Royal Bank originated in 1668; it is thus next to the oldest existing issue bank. Its capital of 50,000,000 kr. is all owned by the Government. The directors are elected by the parliament and the governor is appointed by the king. Its chief office is at Stockholm.

Until the end of 1903 other banks were also permitted to issue notes and some of their paper still circulates (about 39,000,000 kr.).

The limit of issue is governed by the amount due the Bank from abroad, hence it deals largely in foreign bills of exchange; the gold in hand is not permitted to fall below 60,000,000 kr. and the issues beyond this and the amount held abroad must be covered by commercial paper. Expansion is thus dependent upon business. The deposits are not large and those held are chiefly Government funds. Following is a statement for Dec. 31, 1907, in kronor:

Capital, Surplus and Profits	70,552,115
Notes	190,115,534
Deposits	61,139,290
National Debt Account	48,459,819
Due Other Banks	9,230,270
Other Liabilities	2,645,635
Total	382,143,364
Gold	70,322,453
Silver, etc.	8,210,467
Due from Abroad	39,760,626
Loans and Discounts	255,231,031
Securities	6,232,693
Other Assets	2,386,093

The other banks are important, showing 307,000,000 kr. capital and 2,100,000,000 kr. of resources. Discount rates are high, 5 to 7 per cent. being the recent range.

NORGES BANK

NORWAY controls its central bank, the Bank of Norway at Christiania, which was established in 1816, now capitalized at 15,500,000 kr. It owns considerable of the stock and the management is appointed as in Sweden. The note-issues may not exceed twice the amount of gold in hand and due from abroad; thus here, also, the expansion power is dependent in part upon foreign exchanges. Its deposits are not important; a considerable number of other banks serve the commercial interests, with resources of about 550,000,000 kr.

The central bank shows capital and surplus 22,577,000 kr.; notes issued, 83,450,000; deposits, 9,480,000; total liabilities (and resources), 122,100,000 kr. The gold in hand was 27,400,000 kr.; due from abroad, 21,000,000, and notes on hand, 10,000,000. The loans and discounts were 41,500,000 kr., securities held, 10,000,000.

Discount rates are somewhat lower than in Sweden, 5 to 6 per cent. being the usual rate.

DANSKE NATIONAL BANK

DENMARK has a privately owned central bank, founded in 1818, known as the National Bank, at Copenhagen, operated under close governmental supervision. The capital is 27,000,000 kr. Notes may be issued to the extent of 30,000,000 kr. on credit, covered by commercial paper; for the rest there must be gold in bank or due it on *net* balance from other banks. This provision operates quite satisfactorily in ordinary times, discounts being frequently at 4½ per cent.; the usual range is up to 6 per cent., but during the 1907 panic Germany was able to compel the Bank to part with gold and rates rose to 8 per cent., seriously restricting discounts. The situation is not yet fully normal. With 121,000,000 kr. of notes out the Bank held only 67,000,000 kr. in gold in bank at the end of April, 1908. The deposits are not large; the total liabilities, including capital and surplus, stand at about 190,000,000 kr. Other banks report about 700,000,000 kr. of resources.



BANK OF NORWAY, CHRISTIANIA
Norges Bank



MAIN BANKING ROOM, NORGES BANK



Switzerland

(SCHWEIZERISCHE NATIONAL BANK)

After some unfortunate experiences with local (cantonal or state) banks of issue, the Federal Government of this republic assumed the regulation of the currency function of banks in 1875. There were until recently forty banks issuing notes under fairly safe restrictions, but they also combined savings and mortgage-loan business, and were cantonal, not federal, corporations. Accordingly the Government by law of 1905 created a central bank, which actually began business in June, 1907. The head offices are in Zurich and Berne, and there are seventeen branches and agencies, which are being increased to reach every one of the twenty-two cantons.

Its charter is for twenty years, and after three years it will have the monopoly of note-issuing. The other banks must retire their notes in the interval, in quarterly installments, the National Bank aiding them in case of need with loans.

The capital is 50,000,000 francs, but only half thereof need be paid in at present; one-fifth was allotted to existing issue banks in proportion to their note-issues; two-fifths to the cantons (states) according to population; the remaining two-fifths and so much as was not taken under the allotments, might be taken by Swiss citizens or other Swiss corporations. The Federal Government took none.

The management is in a council of forty members who are chosen for one year, twenty-five of whom are appointed by the Government, the rest by shareholders, no private shareholder having more than 100 votes, irrespective of shareholdings. The president and vice-

president, elected by this council, must be of the twenty-five Government appointees. The council elects three *directors* for six years, who have the direct conduct of the business. The note-issuing is supervised by one at the head office in Berne; the other business is centered at Zurich, where the two others are located.

The Bank may issue notes without limit, provided it has a gold reserve of 40 per cent. and commercial paper for the balance, behind them; its other demand liabilities must be covered by such paper also. It may make no loans or discounts to run more than three months, and paper must bear two names; stocks are not permitted as collateral, and bond investments, except Government issues, may be only temporary. It may not pay interest on deposits, except Government funds, and dividends are limited to 4 per cent. Of the profits 10 per cent. (not to exceed 500,000 francs annually) go to surplus until this equals 30 per cent. of capital; the excess over 4 per cent. dividends then goes to the Government, which pays two-thirds of it to the cantons to reimburse them for loss of tax on notes heretofore in use. No underwritings are permitted, but the Bank may buy bullion and exchange and issue gold and silver certificates. The Bank's notes are not legal tender except in payments to it or to the Treasury.

Discount rates are low and fairly stable, $3\frac{1}{2}$ to $4\frac{1}{2}$ per cent. being usual; they rose to $5\frac{1}{2}$ per cent. in the 1907 panic. The country is bi-metallic.

Following is a statement of the issue banks at the end of 1907, in francs of 19.3 cts.:

	National	Other		National	Other
Capital	25,000,000	231,700,000	Coin and Bullion	81,300,000	59,400,000
Surplus	.....	48,500,000	Bank Notes	2,500,000	13,100,000
Notes	159,200,000	131,400,000	Loans and Discounts	108,300,000	881,500,000
Deposits	26,700,000	348,700,000	Mortgages	.....	962,700,000
Savings Deposits	.....	383,000,000	Investments	3,800,000	155,900,000
Mortgage Bonds	.....	922,700,000	Other Resources	18,800,000	113,500,000
Other Liabilities	3,800,000	120,100,000	Totals	214,700,000	2,186,100,000

The National Bank held about 6,000,000 francs in silver and the other banks 2,000,000; this leaves over 48 per cent. in gold to the notes.

There are a number of banks in addition whose assets aggregate about 500,000,000 francs.



NATIONAL BANK OF GREECE, ATHENS, (ETHNIKE TRAPEZA)
GREECE

The paper currency here is issued by the Government, the National Bank and the Ionian Bank. The National is by far the chief institution, emitting at times up to 140,000,000 drachmai (equal to 19.3 cts.) of notes; the Government has 80,000,000 out and the other bank less than 4,000,000. The country is bi-metallic, but as there is very little coin in reserve (none against Government notes) the money of the country consists of depreciated paper, fluctuating in recent years between 6 and 16 per cent.

The National Bank is privately owned, capital 20,000,000 drachmai, upon which dividends of from 17 to 19½ per cent. have been paid in recent years, showing a very profitable business, with a wretched money system. There are forty-two branches in the several sections of the kingdom, the head office being in Athens.

The following statement of the National, in drachmai, is for Dec. 31, 1907. Other banks reporting show about 340,000,000 drachmai of resources, of which the Ionian has about 50,000,000, the Bank of Athens about 170,000,000.

Capital and Surplus	33,500,000	Coin	3,300,000
Notes	137,500,000	Notes	2,200,000
Deposits and Current Accounts	126,000,000	Accounts Abroad	33,900,000
Lottery Loan	66,300,000	Mortgage Loans	68,700,000
Saving Deposits	9,800,000	Government Loans	74,300,000
Government Deposits	17,900,000	Other Loans	117,700,000
Other Liabilities	4,900,000	Investments	69,700,000
Total	395,900,000	Other Resources	26,100,000

The coin reserve thus figures out less than 2½ per cent. against the notes. Discount

rates are high, but fairly steady, at 6½ per cent.

In June, 1908, the gold premium stood at 8½.



BANK OF PORTUGAL, LISBON (BANCO DE PORTUGAL)
PORTUGAL

The Bank of Portugal is the successor of the old Bank of Lisbon, founded in 1822; the re-organization took place in 1847, but it was not until 1891 that the Bank was given the sole right to issue notes for a period of forty years. Its capital, 13,500,000 milreis (at \$1.08 equals \$14,580,000) is privately owned, and the directors are chosen by the shareholders; the two chief officers are, however, appointed by the Government. The head office is at Lisbon; there is one branch and nineteen agencies.

The note-issuing franchise limits the amount

of the issue to thrice the metallic reserve; but, in fact, conditions, due largely to Government financial needs, are such that the Bank has for years been permitted to put out notes regardless of this restriction, hence they are depreciated, the gold premium ranging at about 15 per cent. The notes are legal tender.

As in Spain, the circumstances enable the Bank to maintain a fairly stable discount rate, 5 to 6 per cent. and to pay $9\frac{1}{2}$ per cent. dividends.

The Bank's condition at the end of 1907 was, in milreis, as follows:

Capital	13,500,000	Coin	9,901,499
Surplus and Profits	3,340,508	Loans and Discounts	30,116,829
Notes Out, net	70,967,000	Investments	5,043,616
Deposits and Current Accounts	3,546,926	Government Debt	21,634,542
Other Items	6,321,359	Advance to Treasury	25,757,291
Total	97,675,608	Other Items	5,221,831

The gold held is only about half the total coin, hence the reserve is about 7 per cent.

Other corporate banks are not important; private banks do a large part of the business.

TURKEY

Paper money is not used extensively in the OTTOMAN EMPIRE since the retirement of the greatly depreciated Government notes some years ago. The Imperial Ottoman Bank (established 1863), an institution controlled by British and French interests, has the right to issue notes, but the amount is comparatively small, and its coin reserve, consisting chiefly of gold, is usually twice the amount of paper, so that the notes are practically gold certificates, and do not add to the money supply. The statement of the Bank shows for March 31, 1908, resources 503,000,000 francs; note issues 27,000,000 francs.

Other Turkish banks are far less important; the Imperial has over fifty branches, the chief office being in Constantinople.

SERVIA

Here the National Bank, located in the capital city, Belgrade, with capital 20,000,000 dinars (or francs), has the sole note-issuing power; the country is bi-metallic and the greater part of the notes is based upon and specifically payable in silver. The limit of issue is, as in Roumania, two and one-half times the coin in reserve; there is also periodically a small premium upon gold, usually late in the year. With about 33,000,000 dinars of notes, probably only 10 per cent. payable in gold, there is a coin reserve of 9,000,000 dinars gold and 8,000,000 of silver. The resources total about 60,000,000 dinars. Discount rates are steady at about 6 per cent. Other banks are not important.

BULGARIA

BULGARIA has also a National Bank, but its capital of 10,000,000 levs (or francs) is owned by the Government, which also issues notes; but the latter are fully covered by coin, while those of the Bank need be so covered to only 40 per cent. of the issue, and are partly payable in silver. With about 54,000,000 levs in notes, the Bank held 22,000,000 of gold and 18,000,000 in silver; yet gold occasionally goes to a small premium and discount rates are about 7 per

cent. steadily. The Bank's resources foot up 204,000,000 levs; its deposits are hence quite considerable, 93,000,000 levs aside from the public deposits. The Bank is at Sophia.

EGYPT

The British supremacy in the land of the Khedive has resulted in the use of paper currency issued by one bank, the *National*, which is capitalized at £3,000,000 and has a surplus of more than half that sum. Its resources foot up upward of £11,000,000; it carries about £6,000,000 of deposits, of which one-fourth is for the Government. The note-issues fluctuate considerably, in accordance with the demand for the cotton crop movement. The total occasionally exceeds £3,000,000, but falls to nearly £2,000,000 in the slack season. The statute requires that the notes be covered to 50 per cent. by coin, the remainder by securities and commercial paper. The Bank has its head office in Cairo; Two other banks under British influence have about £10,000,000 of resources; numerous foreign banks have agencies.

PERSIA

The *Imperial Bank* of Persia is a British institution which is permitted to issue notes, constituting the only paper currency in that country. It is a British chartered bank with a sixty-year concession from the Shah of Persia. The silver standard prevails, but the Bank's reports are rendered in pounds sterling. The capital is £650,000, and the note-issues £395,000; deposits, £550,000. Although only about one-half the total resources of £2,200,000 is in loans and discounts, the Bank does a profitable business. The cash held is given as £387,000, but the requirement as to notes is that the coin need be only one-third of the note-issues. For the privilege accorded the Bank the Government of Persia is entitled to 6 per cent. of the profits, not, however, less than £4,000 annually. Dividends are a little in excess of 6 per cent.; they have been at about that figure ever since the organization in 1889. The head office is in Teheran and there are 10 branches.



BANK OF ROUMANIA, BUCHAREST (BANCO NATIONALĂ A ROMÂNIEI)
ROUMANIA

ROUMANIA is by far the most stable of the so-called Balkan states from the point of view of its monetary system. It has now the gold standard, and established a central bank of issue in 1880, the National Bank at Bucharest, the capital city. The Government took one-third of the capital 12,000,000 paid in (the lei is 19.3 cts.); it appoints one-third of the directors.

The issue power is regulated by the gold in reserve, which must be at least 40 per cent. of the amount of notes out at all times; the re-

mainder may be covered by discounted paper. The notes are not legal tender, but are receivable for all taxes, and are usually at par; the exception being when in certain seasons of pressure gold and exchange rise to a premium of 1 to 1½ per cent. The discount rate is usually at 5 to 6 per cent. but rose to 8 per cent. during the 1907 panic period.

Other reporting banks, show about 250,000,000 lei of resources. The Bank's condition at end of 1907 was, in lei:

Capital	12,000,000
Surplus	24,574,391
Notes in Circulation	271,005,760
Current Accounts	45,221,466
Other Items	7,087,375
Total	350,888,992

Coin on hand	97,194,497
Gold Abroad	39,384,681
Loans and Discounts	89,151,123
Securities	31,085,055
Current Accounts	93,178,597
Other Items	9,895,039

The gold held was thus less than 40 per cent. of the notes out; but the Bank may count 30 per cent. of the gold held abroad as part of the reserve. The Government receives one-

fifth of the profits after paying a 6 per cent. dividend on shares and setting aside 20 per cent. of profits to surplus, yet the shares earned nearly 34 per cent. in 1907.



BANK OF BENGAL, CALCUTTA, INDIA

INDIA

For a number of years past the paper currency of India has been issued by the Government. The money unit is the rupee, the value of which is arbitrarily fixed at 32.4 cts. But the strictly Indian banks have not been note-issuing institutions. The existing ones are partly controlled by British interests directly and report their business in pounds sterling; those classifiable as local include a few important ones. All of them operate by means of branches to facilitate business. The £ is fifteen rupees.

The *Delhi and London* has nearly £2,000,000 of resources; the *Mercantile* has over £6,000,000, and the *National*, with £800,000 of paid-up capital, shows aggregate means of £13,500,000.

The greatest of the Indian banks is the *Bank of Bengal*, at Calcutta, with a number of branches. Its capital is 20,000,000 rupees and it has a surplus of 15,750,000. Deposits aggregate 176,000,000, and the resources total 215,000,000 rupees. It carried, at the end of 1907, cash to the amount of 46,000,000—a substantial reserve fund—and had nearly 28,000,000 in investments. Among its loans of 136,000,000

rupees, it had 93,000,000 advanced on securities. Dividends have been 10 to 12 per cent. for a number of years. The Bank was established in 1809, so that it is about to complete a century of existence.

The *Bank of Madras*, with 6,000,000 rupees of capital and 3,600,000 of surplus, carries a total of resources of 55,500,000 rupees, of which 16,000,000 in cash.

The *Indian Specie Bank* has 7,500,000 rupees capital; it was organized in 1906, and has hence not yet a large business; its resources are upward of 16,000,000.

The *Bank of Bombay*, an important concern, is capitalized at 10,000,000 rupees, and has 9,600,000 of surplus. Deposits are over 93,000,000 rupees, of which 11,000,000 are Government funds. The total resources aggregate over 115,000,000 rupees, inclusive of nearly 33,000,000 of cash, a very respectable reserve against the deposits.

Four minor banks reporting show resources of fully 105,000,000 rupees.



HONGKONG SHANGHAI BANKING CORPORATION (HONGKONG, CHINA)

CHINA

The "celestial empire" has neither a well-defined coinage nor currency system. The standard is silver, and the *tael* (a weight), represented by a small bar of silver, is the unit, equal to about 75 cts. A coinage system was adopted some years ago, but not put into practical operation to any great extent; a national bank was recently organized, but has not progressed far. Notes are issued by Chinese bankers and by British, German, Russian and Japanese banks. By far the greatest of these is the *Hongkong and Shanghai Banking Corporation*, capitalized at 15,000,000 British (silver) dollars, worth about 50 cts. each; it has a surplus of 25,000,000 and notes 15,700,000 dols. Deposits are 225,000,000, and it has over 50,800,000 dols. of cash on hand. It does business throughout the Orient, and has agencies in the chief commercial ports of the world where Asiatic trade is heavy. Its resources total about 300,000,000 dols.

The *Russo-Chinese Bank* has resources about 160,000,000 rubles; the *German Asiatic* about 35,500,000 taels.

The *Chartered Bank of India, Australia and China* also does business here, as its name implies. Its capital is £800,000; surplus, £1,000,000; note-issues about £500,000 and all assets about £18,000,000.

PHILIPPINES

The old *Spanish Filipino Bank* continues to do business here, under the supervision of the new Government established by the United States. Its capital is 1,500,000 pesos (\$750,000), and surplus 900,000 pesos. Circulating notes in use do not exceed 1,200,000 pesos; included in its resources of nearly 10,000,000 pesos it had about 1,450,000 of cash.

The *Hongkong* and the *Chartered Bank* also do a large business, employing about 20,000,000 pesos of means. A New York institution, the *International Banking Corporation*, with a capital of \$3,250,000, carries on operations of nearly 10,000,000 pesos.



BANK OF NEW SOUTH WALES
Sydney, Australia



GENERAL BANKING ROOM, BANK OF NEW SOUTH WALES



BANK OF AUSTRALASIA, MELBOURNE, AUSTRALIA

AUSTRALASIA

Australia and New Zealand have twenty-two banks of issue, some with British charters. But, as in Africa, the use of gold is so prevalent that note-issues are not important in volume. The British pound is the standard of value at \$4.86 $\frac{2}{3}$. Treated in the aggregate, their paid-up capital is about £17,000,000, surplus and profits £8,000,000; notes are less than £5,500,000, deposits in excess of £150,000,000. Of the £200,000,000 of total resources cash, chiefly gold, amounts to nearly £45,000,000, or nearly 30 per cent. reserves against deposits and notes. Compared with population this means a remarkably strong banking position.

The *Bank of New South Wales*, organized in 1817, with some 250 branches, is the chief institution, capital £2,500,000 and surplus £1,530,000; it has over £26,000,000 of deposits and only £982,000 of notes out; cash is reported at £6,869,000; the loans and discounts are in excess

of £23,000,000; total resources over £34,000,000, or more than one-sixth of the total means of all the banks. It has paid 10 per cent. dividends regularly for many years; the £20 shares, all fully paid up, are quoted at £42.

The *Bank of Australasia*, Melbourne, dates from 1835; its resources exceed £22,500,000, of which nearly £17,000,000 in loans, £3,750,000 cash. The capital is £1,600,000 and the surplus £1,470,000; notes £505,000. It has about 170 branches. Dividends were raised from 11 per cent. to 14 per cent. recently.

The *National Bank of Australasia*, also at Melbourne, has £10,200,000 of resources, of which £7,000,000 is in loans and discounts, £1,650,000 cash; note-issues are £256,800. This bank was organized in 1858, and part of its capital is in preferred shares. It has about 150 branches and pays 5 per cent. in dividends.



HEAD OFFICE OF THE BANK OF AFRICA
Cape Town

BRITISH AFRICA

The British colonial possessions in South Africa have a number of banks which issue notes, but there is no great demand for paper currency in this section of the world, which is the greatest of its gold producers. In all there is only about £1,700,000 of paper in use, and the banks hold several times that amount in gold. The unit is the British pound equal to \$4.86½.

The following shows the general situation of the banks:

Their capital aggregates £4,800,000 and the surplus £3,000,000; their aggregate resources amount to £53,800,000; the cash reported is about £7,000,000.

Their business extends throughout the lower part of Africa and the islands adjacent; in addition to a large number of branches there, they have a few in Europe.

The banks in Cape Colony proper deposit securities with the Government to cover their

note-issues, something like the national banks in the United States

The most important of the six banks reporting is the *Standard*, organized 1862, which has nearly half the total resources, its statement showing £26,171,000. This business is done upon a capital of £1,548,000, surplus £1,900,000. Its *subscribed* capital is, however, £6,194,100, the unpaid three-fourths being shareholders' liability. Dividends are at 14 to 16 per cent., and the shares (£25 paid up) stand at £63. There are about 150 branches and agencies.

The *Bank of Africa*, established 1879, with £1,000,000 paid up capital £500,000 surplus, and over £6,000,000 of deposits, has only £210,000 of notes out, and nearly £9,000,000 of total resources. There are about 75 branches.

There is a substantial bank at *Mauritius* with £450,000 of means, and one in *Nigeria* carrying £120,000; for *Sierra Leone* and the vicinity there is one with over £1,000,000.



THE BANK OF AFRICA
Johannesburg

Mexico

Like several other countries, Mexico has a multiple bank system for issuing notes; yet the *National Bank* is preëminently the central organ and dominates with a certain measure of support from the Government. The present system may be said to date from 1896, when revisory federal laws were passed, which separated banks into classes. The adoption of the gold standard in 1905 (with a silver currency) served to strengthen it. Under this the *peso* or unit was made equal to 49.8 cts.; prior thereto the standard was silver and the peso fluctuated in value; at one time (prior to 1875) the old peso was worth \$1.016.

Banks of issue are chartered for thirty years; they are required to have at least 500,000 pesos capital, and must deposit in the Treasury, or with the National Bank, one-fifth of the capital with which they begin business, in Government bonds. The note-issues are limited to thrice the capital in any event; and cash reserves must equal one-half the note-issues and deposits payable on demand. No notes under 5 pesos are permitted. Notes are not legal tender. They are a first lien upon the assets, and are redeemable only at the place of issue.

State lines are rather closely drawn; no bank

may without Federal Government sanction have branches in other States; the first bank established in each State is exempt from federal taxes; others must pay in addition to general taxes a 2 per cent. capital tax annually.

There is a Government official attached to each bank who has a supervision over the business in general and countersigns the notes. Monthly reports of condition are required. There must be set aside annually at least 10 per cent. of the profits to surplus account. Discounting of paper is limited to two-name bills running less than six months, unless secured by collateral. Mortgage loans are prohibited.

Should the note-issue of a bank exceed the limit of reserves, no further loans may be made; and if the excess is not retired within forty-five days the bank may be subjected to enforced liquidation.

Special features of the law provide for mortgage banks and institutions of credit somewhat like trust companies.

Discount rates are rather high, 6 to 8 per cent. being a fair average.

Following is a statement of the condition of the banks in the aggregate, for 1907, in pesos:

Capital	155,250,000	Bills Discounted	198,874,000
Surplus	54,895,000	Loans	116,566,000
Notes	99,072,000	Mortgages	22,685,000
Bonds	18,450,000	Current Accounts	264,005,000
Demand Deposits	33,426,000	Cash	73,103,000
Deposits and Current Account	348,066,000	Other Items	33,926,000
Total	709,159,000	Total	709,159,000

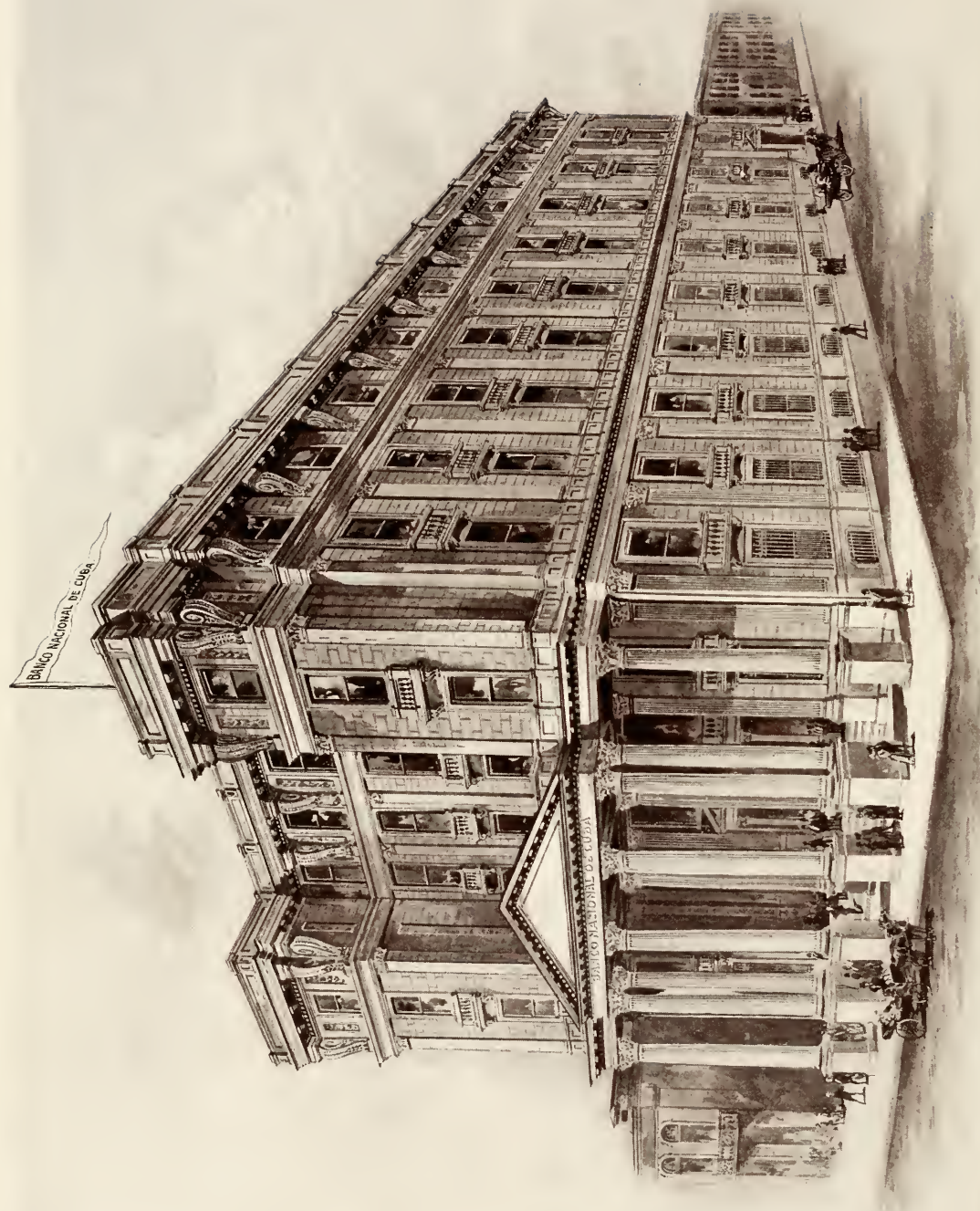
Of the cash reported 48,600,000 pesos was in gold. Silver is, however, also available for reserves; so that the reserve position was quite strong.

In 1897 the aggregate resources were only 131,000,000 pesos; in 1903 the sum reached 381,000,000. There has thus been a very marked increase in recent years.

There are twenty-six banks of issue, and six

others included in these statements; several of the smaller issue banks have since been merged.

The *National Bank* has over 300,000,000 pesos of resources, or considerably more than 40 per cent. of the total. The capital has been increased to 32,000,000 pesos, and its surplus is 27,500,000 pesos. It has 54 branches and agencies. Dividends have been 16 to 20 per cent. for a number of years.



THE NATIONAL BANK OF CUBA, HAVANA
Banco Nacional De Cuba

Banking in Cuba

BANCO NACIONAL DE CUBA

(NATIONAL BANK OF CUBA)

Banking in Cuba before the American occupation was conducted principally by private and what are known as merchant bankers, in connection with their other business, and there are still some very strong houses of this character.

The only two banks which publish statements of their business in Cuba are the Bank of Spain for the Island of Cuba and the National Bank of Cuba. The Bank of Spain was organized in Spanish times, and the Spanish Government transacted its business through it. Its nominal capital is \$8,000,000 Spanish gold, equivalent, approximately, to \$7,200,000 United States currency, but it carries in its assets \$3,000,000 of its own stock. The stock is held principally by Spaniards and its Board of Directors is largely composed of the same nationality.

The National Bank of Cuba was organized in 1901, and was the fiscal agent and depositary for the United States Government, and through it all revenues were disbursed and audited by means of checks on the bank,

The Republic of Cuba adopted the same system of handling its moneys through this bank.

The paid-up capital of the National Bank of Cuba is \$5,000,000 United States currency. Its head offices are in Havana, with fifteen branches throughout the Island. The stock of this bank is held principally in Cuba, the United States, France and Great Britain. Its Board of Directors is composed of Americans, Cubans and Spaniards. This bank has combined the National banking system of the United States with the branch banking systems of Europe, and its heads of departments have been drawn from the principal banks of the world. Business and correspondence is conducted in Spanish, English, French and German to meet the requirements of the cosmopolitan and international character of its business.

The Bank of Havana and branches of the Royal Bank of Canada and the Bank of Nova Scotia are also doing business in Cuba.

It has only been since the establishment of the National Bank of Cuba that checks have been used to any extent, but they are rapidly growing in favor, as indicated by the increase in deposits shown by the statement of this bank from \$4,000,000 in 1902 to over \$16,000,000 in 1908. Of this \$1,500,000 is in its savings department. The Savings Bank was a new departure, organized for the first time in Cuba by this bank.

The number of checks paid over the counter of the head office of the National Bank of Cuba now reaches over 3,000 per day, and the movement of actual cash, as distinct from checks, through the tellers, reaches more than \$1,000,000 per day, principally in coin, as United States bank notes are very scarce. Collections in Havana run over \$1,000,000 per week.

As Cuba's business is international in its character, so is its banking. The bank must deal in the money of every country of the world in daily transactions over the counter, in the purchase and sale through drafts and cable transfers of pounds sterling, francs, pesetas, marks, liras, yen, Chinese and Mexican dollars and all other currencies.

These operations are usually made against Spanish gold, as the local payments are made in that money. Drafts are drawn on Cuba in Spanish gold or silver and United States currency, and remitted in the money of the country from which the drafts come, although some bankers require drafts on them payable "in Spanish gold at the current rate." In order to make the rates, the bank must, therefore, keep advised daily by telegrams of the situation and markets of every part of Cuba, and by cable, of the principal money centers of the world.

To indicate the volume of foreign exchange, the turnover of the National Bank of Cuba in the last year amounted to \$140,000,000, which includes the operations between bankers.

South America

Most of the republics of South America are passing through a transition stage in their monetary affairs. The central bank plan is being adopted in general, but the completion of the change will be somewhat delayed in many of them. Banks controlled by foreign interests do a large part of the discounting business, having numerous branches throughout the continent; some of these formerly had note-issuing functions as well.

ARGENTINA has over 500,000,000 pesos of Government notes, greatly depreciated, but at a fixed valuation of 44 per cent. At par the peso is 96.5 cts. Considerable progress is being made toward the rehabilitation of the currency, the Government having a gold fund of nearly 130,000,000 pesos, and the *National Bank* is being utilized to assist. Its capital of 50,000,000 pesos *paper*, is being increased to 90,000,000 pesos; it will be the central organ of the system, which includes a number of large foreign-controlled institutions. Accounts are kept in gold and in paper money; thus the aggregate resources of the banks were, at the end of 1907, approximately 500,000,000 pesos paper and 200,000,000 gold; of this the National had 280,000,000 pesos paper and 30,000,000 gold; its cash holdings were 55,000,000 pesos paper and 18,500,000 gold. Discount rates were 7 per cent.

BOLIVIA uses bank notes; four banks had the issue right and kept their notes at par in silver by adequate reserves. In 1906 the gold standard was decreed, and the *National Bank* is gradually becoming the sole note-issuing bank. It has 5,000,000 bolivianos of capital (the unit is 48.7 cts.), and its resources foot up over 20,000,000. Notes out were about 6,500,000 bolivianos and cash 4,500,000. Other banks' notes to the amount of about 3,500,000 bolivianos are still in use; their resources are about 13,000,000 bolivianos. Foreign banks do considerable business.

BRAZIL, with about 700,000,000 milreis of Government currency, is planning rehabilitation upon lines similar to those adopted in Argentina. The paper stands at about 56 per cent.; at par the milreis is 54.6 cts. The *Bank of Brazil* is to

have its capital increased from 45,000,000 milreis to 70,000,000, which will bring its resources up to 125,000,000 milreis. The Government takes part of the capital. Foreign banks do a large business, their resources being fully equal to those locally chartered, say 320,000,000 milreis for each class.

CHILE has 150,000,000 pesos of Government notes depreciated to about 44 per cent. (here the peso at par is only 35.6 cts.). A gold fund is being established to bring notes to parity. Banking capital is reported at 80,000,000 pesos, resources about 350,000,000. The *Bank of Chile* is the central organ, with 30,000,000 pesos capital, 15,000,000 surplus and 150,000,000 of resources. It reports cash, chiefly Government notes, at 16,500,000 pesos. Foreign banks do a good share of the business.

COLOMBIA has for some time past had the most depreciated Government currency of recent times; it is still rated at 100 for 1 of gold. A central bank with a capital of 8,000,000 pesos gold has been organized to aid in rehabilitation. It is privately owned, and may issue notes to twice the amount of its capital, provided it has 30 per cent. gold in reserve. The new peso is equal to one dollar U. S. Corporate banks are not numerous, the greater part of the business being done by private bankers, largely foreigners. One bank reports capital 600,000 pesos gold, all resources 1,140,000 pesos gold and 55,900,000 of paper; this gives it about 6,800,000 pesos at gold values.

ECUADOR has bank notes which stand at par. Two banks issue them to the amount of 9,500,000 sucres (equal to 48.7 cts.), upon a 50 per cent. gold reserve. The reports show capital of the banks 7,600,000 sucres, resources 33,000,000, including 6,200,000 sucres of coin. There are several agencies of foreign banks in the country.

PARAGUAY has also depreciated paper money, about 35,000,000 pesos (the peso at par is 96.5 cts.). A central bank was authorized in 1905, and it is laboring to correct the currency evil, by accumulating some 6,000,000 pesos in gold to that end. The gold premium was at one time

fully 1,000 per cent. Foreigners control the banking almost entirely.

✓ PERU had such disastrous experiences with depreciated paper that the use of notes was totally abolished by law. Discount banking is largely in foreign hands. The local reporting banks show capital £600,000, resources £5,800,000. The Peruvian pound is the same as the British, \$4.86 $\frac{2}{3}$.

URUGUAY has superseded the system under which three banks (two foreign) issued notes, by limiting the power to its chief institution. The capital of the *Bank of the Republic* is owned chiefly by the Government and it has nearly 11,000,000 pesos of notes out. (Here the peso is \$1.034). Against the notes it has over 9,000,000 pesos of coin; part of the notes (about one-fourth) are payable in silver. The total resources of the Bank are about 23,000,000 pesos. Foreign banks do a very large part of the business, having resources greater than those of the central bank in the aggregate.

VENEZUELA has also bank notes maintained at par. Three banks of issue capitalized at 19,250,000 bolivars (equal to 19.3 cts.) show 4,200,000 of notes out and the same amount of coin in hand. Their resources aggregate about 72,000,000 bolivars. The *Bank of Venezuela* is the central organ; its capital is 12,000,000 bolivars; resources 45,000,000.

CENTRAL AMERICA

COSTA RICA has the best system among these small republics. With the gold standard, the unit the colon of 46.5 cts., it has bank-notes maintained at par, issued by three banks; the amount is limited to twice the coin on hand. Capitalized at 4,500,000 colones, their resources aggregate 17,000,000. Coin holdings are about 2,600,000 colones and notes out 4,200,000.

SALVADOR has the silver standard, the peso fluctuating about 46.5 cts. It uses bank-notes, of which about 4,000,000 pesos are in use, backed by about 1,600,000 of coin (silver).

Bank resources total about 12,000,000 pesos.

HONDURAS uses about 500,000 pesos (silver) of bank-notes fairly covered; bank assets are about 2,500,000 pesos.

NICARAGUA shows about 7,000,000 pesos (nominal) of bank-notes out, but very inadequate reserves; hence the notes are badly depreciated, the premium on gold ranging about 500 per cent.

GUATEMALA has in addition to about 48,000,000 pesos of bank issues, a Government currency of 6,000,000 pesos; coin in banks is reported at less than 4,000,000 pesos, hence gold is often quoted as high as 1,000 per cent.

PANAMA has several small banks, but no note-issues.

WEST INDIES

The islands of the western continent have the systems of money and banking of the countries to which they belong.

JAMAICA and the other British possessions, including Guiana, are served largely by the *Colonial Bank*, established 1836, with a capital of £600,000 and a 25 per cent. surplus. It has usually about £500,000 of notes in use and carries £400,000 of specie in its £3,500,000 of resources; deposits are at times nearly £2,000,000, and it has over £500,000 in bills payable. There are a few minor banks in these colonies.

GUADELOUPE and MARTINIQUE each has a bank of issue modeled on the French system, each with capital of 3,000,000 francs; their combined note-issues are nearly 13,000,000 francs, and total resources about 31,000,000, including 4,500,000 coin.

HAITI has a central bank, owned by foreigners, but the arbitrary Government has destroyed its utility. Depreciated Government currency circulates exclusively; gold is at 400 per cent. premium.

The Two United States Banks

The first United States Bank was organized in 1791, by an act of Congress drawn by Alexander Hamilton, the first and greatest of the Secretaries of the Treasury; the charter of the second Bank, granted in 1816, was largely designed upon the same lines, modified in some particulars by Albert Gallatin, easily the second in capacity of our long list of finance ministers.

In both cases the charters were for twenty years, and were exclusive so far as the federal legislature could make them so. Under our composite system of government it was then held that the States had the unquestionable right to authorize banks with note-issuing powers. This view, indeed, was the cause of most of the currency troubles of the country for over seventy years.

In designing the central banks both Hamilton and Gallatin had in mind the *regulation* of the issues of the State banks and not their extinction. Jefferson and his political adherents, with the exception of those who were under the influence of Gallatin, opposed the creation of both banks, regarding the action unconstitutional; but Hamilton's views prevailed with President Washington in 1791, and the force of circumstances caused President Madison in 1816 to reject Jefferson's advice.

The first Bank was capitalized at \$10,000,000, of which the Government took one-fifth, borrowing the money to pay therefor from the Bank, upon bonds. The twenty-five directors were chosen by the shareholders, whose voting power was regulated so that no single shareholder might have more than thirty votes, irrespective of the number of shares owned. The Bank was prohibited from dealing in anything but exchange and bullion, but it might sell the bonds received on account of its capital. (In order to help the Treasury to float a loan, it had been provided that the major part of the capital was to be paid up in Government bonds.) Treasury inspection was also provided for.

The right to issue notes was evidently con-

sidered as one inherent in any bank, for no specific authority was given in the charter; there was, however, a proviso that the debts of the Bank on account of notes and other items *except deposits* were not to exceed the capital. Thus the limit of issue was under \$10,000,000. So long as the notes were redeemable in coin they were to be received for federal taxes. Discount rates were limited to 6 per cent. by the charter; but this restriction was subsequently removed by another act.

No complete reports of the condition of the Bank are available, although the Treasury was empowered to require them and probably did so. From partial reports it appears that there were about \$6,000,000 in deposits and \$5,000,000 in notes; loans reached \$15,000,000, and coin held \$5,000,000. The head office was in Philadelphia, and branches existed in New York, Baltimore, Washington, Norfolk, Charleston, Savannah and New Orleans. The Bank was prosperous, paying more than 8 per cent. average dividends; the Government sold its shares by 1802, realizing a net profit of nearly 57 per cent. on the investment, allowing for interest on its bonds issued to buy the shares.

When, before 1811, the Bank's charter was about to expire, Congress renewed it, but Madison, despite Gallatin's arguments, vetoed the bill. Immediately upon the expiration of the Bank, the State banks in most of the sections, no longer under restraint, proceeded to inflate their note-issues, and an era of badly depreciated currency followed, which rendered the financing of the War of 1812 vastly more difficult. It was one of the most discouraging experiences the nation has had; the disasters were relatively greater than in later crises, because the country was young and not wealthy.

By 1816 Madison changed his views and approved an act of Congress for the creation of the second Bank. Its capital was \$35,000,000; the Government again took one-fifth, paying therefor by borrowing; but it reserved the power of appointing (by the President) one-fifth of the

twenty-five directors. The voting of shares was regulated as in the case of the first Bank, foreign holders having no votes; the business and the note-issuing powers were also similarly regulated, and the discount rate was limited to 6 per cent. Notes under \$5 were prohibited, and suspension of payments of notes or deposits was punishable by a penalty of 12 per cent. per annum upon the sums involved.

The Bank was authorized to establish branches where it pleased, provided there was at least one in every State where 2,000 shares of its stock were held. In fact there were five in New England, three in the Middle States, ten in Southern and five in Western States, after 1820; the head office was in Philadelphia. The Government moneys were to be deposited in the Bank or branches, unless otherwise directed by the Secretary of the Treasury, who was, however, required to report to Congress the reasons for any changes.

The Bank paid the Government \$1,500,000 for the charter and was to do the Government's business without charge.

The chaotic monetary conditions retarded the opening of the Bank until 1817, and in conjunction with bad management delayed its efficient operation until after 1819. The constitutionality of the charter was attacked in the highest court, but this question was determined favorably to the institution. After these difficulties had been overcome, the Bank became prosperous and highly efficient, at one time rivaling the similar central institutions of England and France in international importance.

It was, however, at home that its greatest usefulness was shown; it not only regulated the paper currency in an admirable manner, but the foreign and domestic exchanges and the discount rates as well. It may be said that never in the country's history have the people had a sounder currency or more nearly stable money and domestic exchange rates, than during the best period of the Bank's life. The writings of Gallatin as well as numerous executive and legislative reports of

the Government bear testimony of these facts.

Since its notes alone of all the paper currency were receivable for taxes and dues to the federal Government, it was able to induce most of the State banks to keep their currency sound by accepting their notes for the payments to the Government so long as proper reserves were held and redemption in specie thus provided for. But it refused to do this for State banks manifesting a disregard for ordinary honest principles of banking, thus gradually weeding out the vicious elements, whose worthless notes had been foisted upon the people during the era of inflation.

It made special efforts to furnish currency and facilities to the sections where capital was scarce and banking means hence deficient; thus its business in New England, where banks were numerous, was always far less than that in its Southern branches. By far the larger part of its notes were issued in the Southern and Western States; and relatively speaking, it is a question whether at any time since (even to-day) those sections, always showing a need for greater facilities, were as well and as cheaply served as they were by the great Bank.

But the restraints imposed by the Bank became irksome to many who were averse to conservative banking; this feeling was assiduously cultivated among the people, particularly among those less prosperous; and presently it became a political issue, fathered by President Jackson, that the Bank was scourging the people. Congress in vain endeavored to correct this gross error; Jackson vetoed the bill to renew the charter of the Bank, July 10, 1832, and was victorious in the contest before the people in that year. Thus nearly four years before the charter expired, the Bank was doomed, as its predecessor had been, to be destroyed through political fatuity. As early as 1833 the Government deposits began to be placed in the State banks.

That there was some ground for criticism of the Bank's constitution and management may be conceded; yet none of these defects were such as could not have been adequately remedied by intelligent legislation. But instead of corrective

regulation, destruction had been determined upon by the Jacksonians; thus the nation was wantonly deprived of the very best currency and banking system it ever had. The inevitable result followed: State banks, free from restraint, proceeded, with relatively few exceptions, to inflate note-issues enormously, in many cases absolutely without reserve. The currency soon depreciated and the expansion reached the bursting stage in 1837, when the country experienced the worst financial crisis in its history.

In 1840 the people reversed Jackson, choosing Harrison and Tyler in the campaign that year,

with the Bank question as an issue; but President Harrison died before Congress could legislate, and his successor, Tyler, recreant to the pledges, vetoed repeated bills to create another United States Bank. It is an interesting commentary upon our political inertia as a nation, that the specters raised by Jackson have prevented the adoption of this, the only practical comprehensive solution of our currency evils, as evidenced by the experience of other people.

Reports of the second Bank were made periodically; from these a statement of its average annual condition for the entire period of its life has been prepared, and is here presented:

Capital	\$35,000,000	Loans	\$39,100,000
Deposits	12,300,000	Securities	9,100,000
Circulation	10,700,000	Specie	6,500,000
Due to Home Banks	700,000	Notes of Other Banks	1,400,000
Due Foreign Banks	800,000	Due from Other Banks	2,400,000
Other Items	4,000,000	Due from Foreign Banks	900,000
		Other Items	4,100,000
Total	\$63,500,000		

Loans stood highest for the end of any one year, at \$66,293,000 in 1832, deposits at \$22,761,000 in the same year, circulation \$23,000,000 in 1836, specie at \$15,700,000 in 1835.

The charter expired in March, 1836; it continued, as a State bank, under Pennsylvania charter, until 1840, when the losses due to the panic compelled liquidation.



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